



Daily Report

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General

Phnom Penh Bars UN From Inspecting Clashes

BK0602114793 Beijing China Radio International in
Cambodian 1030 GMT 6 Feb 93

[Text] On 4 February, the Phnom Penh Government banned the UN Peacekeeping Force in Cambodia from inspecting the fighting which took place near Pailin, the headquarters of Democratic Kampuchea [DK]. They also reiterated their determination to continue attacks on guerrilla positions in northwestern Cambodia.

Reports said that during the past two weeks, Phnom Penh Government troops launched an offensive against DK positions in central and northern Cambodia in an attempt to seize the areas they thought were captured by DK guerrillas.

At the same time, DK has announced that Phnom Penh troops have failed to take over Pailin.

UNTAC Spokesman on Situation

BK0502155893 Beijing China Radio International in
Cambodian 1030 GMT 5 Feb 93

[Text] An UNTAC [UN Transitional Authority in Cambodia] spokesman, quoting reports from the UNTAC forces, on 4 February said the general situation in Cambodia remained quiet during the past 24 hours. However, the situation in Chikreng District in the north-eastern part of Siem Reap Province was still tense, and in some areas in Battambang Province, where clashes had been frequent, cease-fire violations still occurred but did not intensify.

Daily Sees Need for Peace

HK0802090193 Beijing RENMIN RIBAO in Chinese
5 Feb 93 p 6

[Article by Huang Qixiang (7806 0366 4382): "Cambodia Needs Peace"]

[Text] It is reported that over the past few days, Cambodia's Phnom Penh troops have launched offensives against the Democratic Kampuchea positions and that fighting has erupted in 10 districts of five provinces in central and northern Cambodia. This is the biggest armed clash in Cambodia since the UN Transitional Authority in Cambodia [UNTAC] implemented the peace plan last March, creating great obstacles to the implementation of the Paris peace agreement.

The Paris peace agreement has not come easily and was achieved through the joint efforts of the international community and the four parties in Cambodia. This accord sets the basis for solving the Cambodian problem politically and achieving peace. Over the past year, despite difficulties and conflicts, Cambodia's Supreme National Council [SNC] headed by Prince Sihanouk, and the UNTAC have done a great deal of work to implement the agreement and have achieved some

progress. Not long ago, the SNC convened an extraordinary session and agreed on holding the general election in May. The forthcoming general election also seriously threatens the Cambodian peace process.

The international community has expressed concern and worry over the armed clash in Cambodia and hopes the Paris peace agreement will continue to be respected and implemented. Today's situation would not have been possible had it not been for the international community and the people of Cambodia, who have made great efforts and done a lot in the last over 10 years. As goodwill and dialogue were necessary for signing the agreement, they are more so for implementing it. It is generally hoped that the various Cambodian parties will, under Prince Sihanouk's leadership, cooperate with the UNTAC and end the ongoing clash, by cherishing the goodwill to implement the Paris agreement and setting great store by the broad goal of achieving national reconciliation. In the meantime, the UNTAC should also take the necessary measures to this end.

When differences of opinion and conflicts arise in the course of the implementation of the Paris agreement, all parties should settle the problems through dialogue in the spirit of seeking truth from facts and handling things in an appropriate way. Facts have proven that any one Cambodian party wanting to annex another by force of arms will not succeed. Conflicts cannot be solved through the use of force either. The disastrous consequences resulting from the ongoing wars in former Yugoslavia and Somalia also attest to this. The Cambodian people have suffered from war for over 10 years and did not achieve peace or start rehabilitation until recently. The recurrence of war not only runs counter to the fundamental interests of the Cambodian people, but is also detrimental to the peace and stability in the region. In short, Cambodia needs peace.

Representative Calls for Palestinian Repatriation

OW0502212193 Beijing XINHUA in English
2107 GMT 5 Feb 93

[Text] Geneva, February 5 (XINHUA)—China believes that to safeguard the rights of peoples to self-determination and to uphold the principle remain a major subject for the peoples all over the world.

The view was expressed here today by Zhan Daode, alternate representative of the Chinese delegation, at the 49th Session of the U.N. Commission on Human Rights.

Ethnic contradictions and frictions covered up by Cold War have become more prominent and resulted in new crisis and even war, seriously affecting peace and stability around the world, he pointed out.

In such situation, the respect of the right of peoples to self-determination means, above all, that efforts should be made to safeguard independence, sovereignty and territorial integrity of all states, according to Zhan.

He said that efforts should be made to enable the people of those states to "determine their future and oppose any foreign aggression, intervention and control."

"This is the basic guarantee for the survival of a state and the precondition for the full enjoyment of human rights and fundamental freedoms by the people of that state," he stressed.

Therefore, he concluded, any act that might lead to ethnic contradictions, conflicts and even split of a sovereign state under signboards of the right of peoples to self-determination should be opposed by the international community.

Under the current situation, to emphasize the above point has "important and practical significance," he added.

Referring to the Arab-Israeli conflict, Zhan said China demands that the Israeli Government should immediately and fully implement the U.N. Security Council Resolution 799 to return all the deported Palestinians to their homeland.

On Cambodian issue, he expressed his hope that all the Cambodian parties concerned will take stock of the situation, conform to the trend of times, observe their obligations and strive to promote the peace process.

More Attention to Refugee Issue Urged

*OW0602010893 Beijing XINHUA in English
2242 GMT 5 Feb 93*

[By Zhao Xinfu]

[Text] Kampala, February 5 (XINHUA)—The Chinese Government has appealed to the international community to pay more attention to the refugee issue which is closely related to world peace and stability.

Speaking at the on-going 32nd session of the Asian-African Legal Consultative Committee (AALCC) here this evening, the head of the Chinese delegation, Tang Chengyuan, said the international community should continue its efforts for an early settlement of the refugee issue.

Where condition is mature or acquired, he said, effective and timely actions should be taken to enable refugees to return safely and decently to their home countries.

This, he noted, is beneficial to world peace and stability as well as to the maintenance of economic and political stability of all the countries concerned.

Tang said there still exist 18 million refugees in the world today, an immediate product of the versatile world situation and the continued regional conflicts as well as the worsening world economy.

"In a word, the refugee situation in the present world is still grave," he added.

Noting the Chinese Government always attaches importance to the protection of the legitimate rights of refugees, Tang said China has adopted a policy of non-discrimination, equal pay for equal work and it provides the refugees settling down in China with living conditions and opportunity for employment.

This policy, he stressed, has been playing a positive role in guaranteeing refugees' rights and safeguarding regional peace and stability.

About 200 participants from some 40 member states in Asia and Africa are attending the six-day annual meeting which opened on Monday.

The AALCC, established in 1956 as a tangible outcome of the historic Bandung Conference, now has 42 member states in Asia and Africa.

Expansion of Islamic Trade Group Viewed

*OW0502134993 Beijing XINHUA in English
0845 GMT 5 Feb 93*

["News Analysis" by Hu Xiaoming: "Regional Economic Cooperation Makes Debut"]

[Text] Islamabad, February 5 (XINHUA)—Regional economic cooperation has made a debut in central and south-west Asia with the expansion of the Economic Cooperation Organisation (ECO) into ten from three.

The third regular session of the Council of Ministers, a policy and decision making body of ECO, also the first regular session of the expanded ECO, is beginning in Pakistan tomorrow with trade on top of its agenda.

According to official sources here, all the 10 member countries will attend the two-day conference, a meeting of international status hosted for the first time by Quetta, capital of Balochistan Province located at the crossroads of the ECO region.

The ECO was established in Tehran in 1985 on the basis of the Regional Cooperation for Development (RCD) to promote cooperation between its members in the field of economy, technology and culture.

At a two-day extraordinary session of the ECO foreign ministers here in last November, the ECO formally accepted Azerbaijan, Uzbekistan, Turkmenistan, Kyrgyzstan, Tajikistan and Afghanistan as its new members, bringing the total number of membership to ten including the three founding members—Pakistan, Iran and Turkey.

The Islamabad session took many decisions including realization of better economic ties, establishment of airlines, establishment of a common bank, emergence of common market and liberalization of trade among the ECO countries.

The ECO with a population of 300 million people and an area of six million square kilometers is expected to develop the old silk routes into a new economic life line for the region.

While the economy of the ECO region is essentially agro-based, the ten members have a lot to share with each other.

The Central Asian states are especially rich in natural resources. Azerbaijan, with its vast oil reserves, Tajikistan, with coal, lead, zinc, uranium, radium and asbestos, Kazakhstan, with coal, chrome, copper and electricity surplus, Turkmenistan with coal, sulphur, salt and huge gas reservoirs, and with Pakistan, Iran and Turkey having a wide-range of export potentials and modest industrial base, the whole region offers a unique opportunity for closer collaboration and cooperation.

The single greatest economic incentive to the landlocked Central Asian states is considered to be the access to sea offered by the three ECO founding members—Turkey to the Black Sea, Iran to the Gulf and Pakistan to the Arabian Sea.

Uzbekistan has already signed a memorandum of understanding with Pakistan for use of Karachi port facilities.

An ECO trade and development bank is in the process of being established.

Tariff on agreed commodities has been reduced to 10 percent to give a fillip to intra-regional trade.

As the Muslim republics are under-industrialized, the ECO is expected to devote greater attention to help them improve their economies so that they will be able to undertake effective trade exchanges.

However, the fresh violence and turbulence in Afghanistan, which is to serve as a bridge between the Central Asia and the other ECO members in the south-west, has turned out to be the biggest challenge to ECO in making its dream come true.

Yet as an economic bloc perceived to be only after the European Community, the ECO is destined to play a significant role in completely transforming the economic status of the region which has come to be known as the "new economic frontier".

Since all members are Muslim countries, observers said the ECO would also tend to have close political interaction similar to other groupings of this nature.

With a large potential market in the making, the ECO is blessed with a golden opportunity to usher in a new era of development and progress in the region.

Yang Shangkun Appoints, Removes Ambassadors
OW0702110693 Beijing XINHUA in English
1009 GMT 7 Feb 93

[Text] Beijing, February 7 (XINHUA)—Chinese president Yang Shangkun has appointed and removed a number of Chinese ambassadors, according to a decision of the Standing Committee of the National People's Congress which was made public here today.

Guo Jiading was removed from the position of the ambassador extraordinary and plenipotentiary to the Republic of Portugal, and Wu Tao was appointed to the position.

Wan Yongxiang was removed as the ambassador extraordinary and plenipotentiary to the Kingdom of Morocco, and An Guozheng was appointed as his successor.

Chen Songlu was removed as the ambassador to the People's Republic of Bangladesh; Zhang Xujiang was appointed as the ambassador extraordinary and plenipotentiary to Bangladesh.

Lin Aili (female) was removed as the ambassador extraordinary and plenipotentiary to the Republic of Cyprus; Chen Zhenyou was appointed to the position.

Wang Shijie was removed as the ambassador extraordinary and plenipotentiary to Bahrain; Wang Xiaozhuang was appointed to the position.

Gu Maoxuan (female) was removed as the ambassador extraordinary and plenipotentiary to the Republic of Albania.

Some 13,000 Foreign Students Received in 1992
OW0702160393 Beijing XINHUA in English
1534 GMT 7 Feb 93

[Text] Beijing, February 7 (XINHUA)—China received 13,000 foreign students from 126 countries in 1992, exceeding the total for the 30 years before the implementation of reform and opening to the outside world.

Statistics show that last year China received more than 4,000 foreign students according to relevant agreements, including 2,100 undergraduates, 400 post-graduates and 1,500 for advanced studies.

Besides, China's universities also accepted 9,000 foreign students on their own initiative.

The total number of foreign students in China before the implementation of reform and opening stood at 9,757.

United States & Canada

Magazine on Chances for Developing U.S. Ties

OW0802035393 Beijing XINHUA in English
0248 GMT 8 Feb 93

[Text] Beijing, February 6 (XINHUA)--What is at stake for the development of the Sino-American relations is that the United States should overcome obstruction and abandon attempts to interfere in China's internal affairs, according to today's issue of the weekly magazine "OUTLOOK" [LIAOWANG].

A signed article, entitled "To Create New Chances for the Development of Sino-American Relations," stated that what kind of policies new U.S. President Bill Clinton's government would adopt towards China has become one of the current topics.

Because both China and the United States are big countries and permanent members of the United Nations Security Council, the article pointed out, the improvement and development of their relations not only meet the interests of their two peoples, but also are a common will for peoples in the world, especially those in the Asian and Pacific region.

It said that great progress had been made in Sino-American relations as a whole despite some twists and turns over the nearly two decades before 1989.

But in the second half of 1989, the United States suspended unilaterally exchange of visits by senior officials of the two countries and imposed economic sanctions against China with the excuse of "human rights," badly damaging the relations between the two countries.

The situation was further worsened by some Americans' attempts to revoke, or attach additional political conditions to, China's Most-Favored Nation status and a recent U.S. decision to sell F-16 fighters to Taiwan, the article added.

All these moves had been detrimental to the hard-earned Sino-American relations, it said.

In order to solve the existing problems between the two countries, the article concluded, it was essential that the U.S. side should overcome obstruction and abandon attempts to interfere in China's internal affairs to create a new good start for the development of the Sino-American relations.

China and the United States once shared common strategic interests and made cooperations to this end.

At present, as the world is changing, the former concept of common strategic interests may undergo some changes, but the two countries still have common needs and interests, the article said.

Furthermore, the confluence points in their interests, to some extent, are increasing, rather than decreasing, and some are becoming even more important than in the past.

New U.S. President Bill Clinton has said that he did "not want to isolate China," and Secretary of State Warren Christopher, when elaborating the new government's foreign policy, said that the Clinton administration would "reconsider" its China policy.

It is hoped that the speeches by Clinton and Christopher would signal a good beginning and lead the Sino-American relations in the direction of uninterrupted improvement, the article added.

Zhu Rongji Meets Hughes Aircraft Chairman

OW0602132593 Beijing XINHUA in English
1312 GMT 6 Feb 93

[Text] Beijing, February 6 (XINHUA)--Vice-Premier Zhu Rongji met here today with C.M. Armstrong, chairman of the Hughes Aircraft Company of the United States, who is making his first tour of China.

Zhu expressed the hope in the 30-minutes meeting that China and Hughes will "expand their friendly cooperation continuously in the space industry," according to Chinese officials.

Armstrong, who arrived here Wednesday as guest of the Ministry of the Aerospace Industry, has held in-depth discussions on cooperation with officials of some departments under the State Council.

Central Eurasia

Journal on 'New Phase' in Sino-Russian Ties

OW0702032493 Beijing BAN YUE TAN in Chinese
No 24, 25 Dec 92 pp 44-45

[Article by Zhou Shuchun (0719 2885 2504): "Sino-Russian Relations Have Entered a New Phase"]

[Text] At the invitation of State President Yang Shangkun, Russian President Yeltsin paid a three-day official visit to China 17-19 December. The visit, the first by a Russian president, and the joint declaration signed by the two leaders, attracted great attention in the world media. The visit further consolidated relations between the two nations in all areas and helped push forward all-round development in bilateral cooperation. Sino-Russian relations, which had been developing steadily, thus entered a new phase.

This was a major event that attracted worldwide attention. However, people who had followed developments in Sino-Russian relations over the past year were not at all surprised. The Soviet Union was dissolved last December; the relationship between China and the Soviet Union also ended. In line with the principle of

noninterference in domestic affairs, the Chinese Government respected the choice of the people of the former Soviet Union and declared that it was ready to continue developing friendly relations with newly independent states of the CIS on the basis of the five principles of peaceful coexistence. Soon after Russia declared independence, Chinese Government delegations—headed respectively by Li Lanqing, minister of foreign economic relations and trade, and Tian Zengpei, vice minister of foreign affairs—promptly visited Moscow. The two sides signed minutes of talks on bilateral relations and promptly set bilateral relations on course. A new starting point for future relations between the countries was established as a result of these first diplomatic contacts.

As the world situation undergoes rapid changes today, both China and Russia, which are focusing on domestic construction, need a favorable external environment. The two nations can find a common language on the issues of peace and development. It is imperative for China to develop friendly relations with its neighbor Russia, a permanent member of the UN Security Council [UNSC], a nuclear power, and a country with which China shares the world's longest border. Moreover, the two nations should also step up cooperation in international affairs, thereby contributing to stability, peace, and development in their region and the rest of the world. For this reason, at a meeting of great significance between Premier Li Peng and Russian President Yeltsin at the UN headquarters—they were there to attend an UNSC summit—in late January, a wide-ranging consensus on developing good-neighborly relations and cooperation was reached. The two sides indicated unanimously that they would step up cooperation and exchanges in the future.

These common wishes have helped push forward the development of bilateral relations.

Russia's trade with most other nations has been on the decline this year while its trade with China has increased markedly. The volume of Chinese-Russian bilateral trade from January to September this year has already equalled the annual volume of bilateral trade between China and the Soviet Union the previous year. It is estimated that annual bilateral trade will reach \$4.5-5 billion, surpassing the record trade levels between China and the former Soviet Union. Meanwhile, supplementing each other's economic advantages, China and Russia have actively expanded the scope of economic cooperation and trade, making extensive use of such new forms of cooperation as joint-venture enterprises, contracting of projects, and developing processing and assembly with materials and specifications provided. As of now, China and Russia have set up about 200 joint-venture enterprises. Border and regional trade has also seen rapid development, and cooperation has evolved from simple barter and labor service exports into a diversity of forms, including joint-venture enterprises, cooperation in production, and technical consultation and services; the scale of cooperation has also been

growing. As well, bilateral cooperation is moving toward the integration of economic relations and trade with science and technology.

Exactly as Russian Ambassador to China Rogachev pointed out: "The scale achieved as of now falls far short of the countries' potential." Therefore, the prospects for the development of bilateral relations are "very bright and broad." China and Russia each has economic advantages: China is stronger in the production of agricultural products, food processing, light industrial products, and home appliances; Russia is stronger in aeronautics and astronautics technology, nuclear power generation, heavy industry, machine-building, and the manufacture of farm equipment. Therefore, each could become the other's huge market. With the improvement of highway, railway, air transport facilities, progress in economic legislation, and the settlement of problems arising from incompatibilities in systems, bilateral economic relations, trade, and scientific and technological cooperation will develop and deepen smoothly, turning today's potential into reality.

Military cooperation is another aspect of Sino-Russian cooperation. In late August, Qin Jiwei, state councillor and minister of defense, made a week-long official visit to Russia. Russian Defense Minister Grachev said: "Development of military relations between Russia and China would help stabilize the world situation, including the Asian and Pacific region." The military of the two nations "can and should make a sizable contribution to the sound development of daily growing bilateral relations." Qin Jiwei pointed out that in the present complex and changing world situation, it would be "very useful" for Chinese and Russian military leaders to maintain contacts and hold consultations. The first meeting between Chinese and Russian senior military leaders laid a foundation for enhancing mutual understanding between the two militaries and for increasing exchange and cooperation in the future.

Positive progress was also made on the border issue, an issue over which the two nations once confronted each other with unsheathed swords. China has held many rounds of talks—on the border issue and mutual troop reduction—with Russia and three other CIS states. Great progress has been made in cutting back on the number of border areas where troops are stationed. It can be said that the long, 4,000-km border between China and Russia is becoming a line for personnel, economic, trade, and cultural exchange between the two nations.

Both China and Russia have a strong desire to develop bilateral friendship and cooperation, and such desires are still growing daily. President Yeltsin said that as Russia's foreign policy gradually shifts toward Asia, relations with China would be a top priority in Russian foreign relations: Russia-China relations are entering a "new era." The Chinese Government has also reiterated that it is willing to constantly expand Sino-Russian relations.

Sino-Russian relations today are characterized by neither alliance nor confrontation; rather, they are a kind of sound, equal, and mutually beneficial relations based on the five principles of peaceful coexistence that transcend differences in ideology. At a time when mankind is ushering in a new era, Sino-Russian relations built on this new foundation will certainly march toward a new milestone.

Russians, Bureau Discuss Oil Prospecting

OW0802012593 Urumqi Xinjiang Television Network in Mandarin 1655 GMT 5 Feb 93

[By correspondent Sun Zhaoping; from the "Xinjiang News" program]

[Text] A four-member delegation of experts led by (Vladimir Vasiliyev), deputy director of the Russian Federal Nuclear Industrial Center's Research Institute, recently paid a work visit to the Ministry of Geology and Mineral Resources Northwest Geological Bureau. Leaders of the Northwest Geological Bureau briefed the Russian guests on petroleum gas prospecting conducted in the Tarim Basin in recent years and expressed the hope of conducting extensive cooperation with foreign counterparts in various aspects such as prospecting equipment, petroleum prospecting, and comprehensive research.

The Russian guests expressed their admiration for China's successes in petroleum gas prospecting in the Tarim Basin. The two sides also exchanged opinions on issues of common concern.

Li Tieying Meets Russian Film Delegation

OW0802094993 Beijing XINHUA in English 0931 GMT 8 Feb 93

[Text] Beijing, February 8 (XINHUA)—Li Tieying, member of the Political Bureau of the Chinese Communist Party Central Committee and state councillor, met with a film delegation from the Russian Federation here today.

The delegation is headed by A.H. Medvidev, chairman of the National Film Committee of Russia.

The two sides exchanged views on the cooperation and exchanges between the two countries in the field of film.

According to sources, the Russian guests are here at the invitation of the Chinese Ministry of Radio, Film and Television. Apart from Beijing, they visited Guangzhou and Shenzhen.

Northeast Asia

Kim Chong-il Reportedly To Visit in March

SK0702014693 Seoul YONHAP in English 0138 GMT 7 Feb 93

[Text] Seoul, Feb. 7 (YONHAP)—North Korea's heir-apparent Kim Chong-il will visit China next month and meet with top Chinese officials, including President Yang Shangkun, government sources here said Sunday.

In his second visit to China since 1983, Kim will extensively discuss Seoul-Beijing normalization of ties on Aug. 24 last year, Pyongyang-Beijing relations, inter-Korean mutual nuclear inspection, and North Korea's policy on open economy with Chinese leaders, the sources said.

Chong-il, who awaits to succeed his father and North Korea's paramount leader Kim Il-sung, hopes to upgrade his image and dignity by holding talks with Chinese heads, they said.

"It has been confirmed that the junior Kim would make a visit to China sometime in March through diplomatic channels," a government official said.

He added that Kim was likely to touch on the dire economic straits of North Korea and to seek advice from its communist ally. "Beijing is expected to have great impact on Pyongyang on the nuclear and open economy issues after Kim's visit," he observed.

DPRK Vice Premier Meets Cultural Group

OW0502134693 Beijing XINHUA Domestic Service in Chinese 1259 GMT 4 Feb 93

[By reporter Zhang Jinfang (1728 6930 5364)]

[Text] Pyongyang, 4 Feb (XINHUA)—Korean Vice Premier Chang Chol had a cordial and friendly conversation at a meeting today with members of the Chinese Government cultural delegation headed by Chen Changben, vice minister of culture, at the Mansudae Conference Hall in Pyongyang.

Chang Chol said in his speech that it is important for Korea and China to continue to develop their friendly relations under the changeable international situation. He added that Korea will work hard to consolidate and develop Korean-Chinese friendship.

He said: Korea and China successfully accomplished their 1991-92 cultural exchange plan. The 1993-94 cultural exchange plan which the two governments signed recently will be significant for developing the two countries' cultural exchange and cooperation.

The Chinese Government cultural delegation arrived in Korea on 1 February to sign the Sino-Korea 1993-94 cultural exchange plan.

DPRK Envoy on ROK Nuclear Development

SK0602005393 Beijing China Radio International in Korean 1100 GMT 5 Feb 93

[Text] Chu Chang-chun, DPRK ambassador to the PRC, held a news conference today in Beijing concerning South Korea's nuclear development.

At the news conference, Ambassador Chu said: South Korea has nearly 30 years of history of developing nuclear weapons. It became a quasi-nuclear state in the 1980's from a potential nuclear state in the 1970's. Going beyond this limit, it is becoming a nuclear state in the 1990's.

The ambassador said: Despite these facts, the United States and South Korea are talking about North Korea's nuclear development. This is a U.S. plot not to withdraw its arms and nuclear weapons from South Korea. This is also South Korea's cunning plot to hide and accelerate its nuclear weapons development.

He also said: South Korea's move for nuclear armaments is creating obstacles to the implementation of the joint denuclearization declaration agreed upon by the North and South. This is a criminal plot to gravely threaten peace and security on the Korean peninsula as well as other Asian countries.

Availing himself of this opportunity, Ambassador Chu explained the DPRK Government's position concerning the recent Japanese move and said: Some time ago, the relevant high-ranking Japanese officials shamelessly said that Japan can justly be a permanent member of the UN Security Council, and that the Security Council without Japan's participation cannot be trusted.

He added: Japan is a war criminal of the Second World War. When Japan becomes a permanent member of the UN Security Council, this will greatly threaten peace and security in Asia and the rest of the world.

Wu Xueqian Views ROK Ties, Regional Issues

HK0602011093 Beijing ZHONGGUO XINWEN SHE in Chinese 0341 GMT 4 Feb 93

[By reporter Li Wei (2621 0251)]

[Text] Beijing, 4 Feb (ZHONGGUO XINWEN SHE)—China's Vice Premier Wu Xueqian said when meeting a South Korean visitor today that some people are saying that China will take up expansionist policies and pose a threat to Southeast Asia and the world as it gets stronger. This allegation is utterly groundless. Pursuing an independent and peaceful foreign policy with the initiative in our own hands and promoting friendly and good-neighborly relations with peripheral countries is a long-term policy which China will uphold unswervingly.

Wu Xueqian stressed that to reach the level of a moderately developed country, China has to make arduous efforts and needs an international environment with

lasting peace to carry out its construction. To expedite the pace of modernization, China must broaden equal and mutually beneficial cooperation with the outside world and study the advanced technology possessed by various countries and the experience of developed countries.

Wu Xueqian also said when meeting Son Chu-hwan, chairman of the Korean International Exchange Consortium, that he was looking forward to further developing economic cooperation and trade between China and South Korea and strengthening cultural and educational exchange between the two countries. He said that there are many things in Oriental culture which merit propagation, and China and South Korea can do a lot of work in this respect.

Wu Xueqian said that, following the establishment of diplomatic relations, both countries have achieved new developments in various respects and that there is a good foundation for the continuous development of Sino-Korean relations.

Son Chu-hwan said that during this visit to China he had seen that China is full of vitality due to reform and opening up and that the Chinese people are full of confidence in the country's construction. He also felt that it was really a bit late that China and South Korea had normalized relations after more than 40 years of hostility.

Son Chu-hwan also said that the establishment of diplomatic relations between China and South Korea not only accords with the fundamental interests of both countries, but also contributes to peace in Northeast Asia. The bilateral trade volume last year increased 40 percent over that of the previous year, the volume this year is expected to increase another 40 percent over last year, and cooperation between the two countries in other fields after the establishment of diplomatic relations has developed well. He was satisfied with this.

Son Chu-hwan is visiting China at the invitation of the Chinese People's Institute of Foreign Affairs, and this is the first time the Korean International Exchange Consortium has sent a delegation to China.

Liu Shu-qing, president of the Chinese People's Institute of Foreign Affairs, attended today's meeting.

ROK Reporters Group Meets Hebei Secretary

SK0402101293 Shijiazhuang Hebei People's Radio Network in Mandarin 2300 GMT 3 Feb 93

[Text] On the afternoon of 3 February, Cheng Weigao, secretary of the provincial party committee and provincial governor, met with a five-member group of reporters from the HANGUK CHUNGANG YESUL SINMUN, HANGUK KYONGJE SINMUN, and the MBC Television Network of Seoul, ROK at the meeting hall of the provincial Foreign Affairs Office.

Cheng Weigao was interviewed by the reporters and briefed them on Hebei Province's excellent situation since reform and opening up. He expressed the hope of developing cooperation with the ROK.

The five reporters from the ROK press units arrived in Shijiazhuang on 2 February at the invitation of the provincial Foreign Economic Relations and Trade Bureau and the press office of the provincial government.

Cheng Weigao extended warm welcome to the Korean reporters who visited China for the first time. He said: Hebei Province will hold a commodity and economic cooperation symposium in Seoul in March. It is hoped that through your publicity, this activity will be successfully held.

Southeast Asia & Pacific

'News Analysis' of Upcoming Australian Election

OW0702125593 Beijing XINHUA in English
1142 GMT 7 Feb 93

[News analysis by Chen Xin: "Election Puts Aussie Government Under Threat"]

[Text] Canberra, February 7 (XINHUA)—Australia's ruling Labor Party is facing a fierce battle to keep its power as Prime Minister Paul Keating today announced to hold the next general election on March 13.

The decision was agreed by Governor-General William George Hayden today and announced here late this afternoon.

This meant that the 148-seat House of Representatives was immediately dissolved, in which the Labor Party has enjoyed majority since 1983.

Australia holds general election every three years. It is legally stipulated that the next general election should be held before next May.

Keating said at a press conference here that the election will be "principally about the economy and unemployment."

Keating was right in saying so as Australia has been suffering recession for the past three years, the most severest since the Great Depression in early 1930s.

The Australian economy has been especially weak since the recession beginning in mid-1990. Although the gross domestic product (GDP) has climbed out of the bottom during the past year, some major indicators have remained poor.

The unemployment rate of Australia was 11.3 percent last December, while the balance sheet has been worsening with the Labor government projecting a deficit of 13.4 billion Australian dollars (9.1 billion U.S. dollars) for the current 1992-93 fiscal year ending next June.

The opposition coalition, consisting of the Liberal and National parties, has been blaming the Labor government for its inability to save the nation's economy and cut short the long dole queue.

The Labor Party's voter support has been affected seriously by the weak state of economy, despite that it has spent heavily on social security and welfare to appease voters.

The latest evidence putting the Labor Party on an unfavorable position was that it lost power to the opposition marginally in the election of the West Australia state yesterday.

There are six states and two territories in Australia, among which the opposition is now ruling four states and one territory although the Labor Party governs federally.

Latest opinion polls showed that the Labor Party and the opposition are in a head-to-head tie for voter support federally at present.

In a bid to further build up the labor's voter basis, Keating said today that he will on Tuesday deliver a major economic statement with new measures "which will dramatically expand business opportunities and accelerate economic growth."

However, as it is sure that any new measure cannot exert significant impact on the economy as quickly as within one month, the Labor Party will experience a difficult battle to keep its power next month, observers here said.

Burmese Antinarcotics Delegation To Attend Talks

OW0602130593 Beijing XINHUA in English
1244 GMT 6 Feb 93

[Text] Yangon [Rangoon], February 6 (XINHUA)—A Myanmar [Burma] narcotics control delegation led by police Maj-Gen U San Thein, secretary of the Central Committee for Drug Abuse Control (CCDAC), left here this afternoon for China.

The delegation will attend a sub-regional drug control meeting to be held in Kunming, capital of China's Yunnan Province on February 8 and 9.

In accordance with the agreement signed last June on cooperation in the sub-regional drug control between Myanmar, China and the United Nations international drug control program (UNDCP), the three sides will meet and discuss to further implement the agreement which is aimed at reducing opium cultivation and heroin trafficking along the common borders of the two countries.

Near East & South Asia

Indian Prime Minister on 'Good' Relations

OW0702191093 Beijing XINHUA in English
1641 GMT 7 Feb 93

[Text] New Delhi, February 7 (XINHUA)—Indian Prime Minister Narasimha Rao said tonight that the relationship between China and India "is good and continuing to be good."

He made the remarks in an interview with the BBC World Service here this evening.

He said the Sino-Indian border was "free of any incidents" for the last several years.

The relationship between the two countries is improving in all fields, and there were regular exchanges of views both at political and official levels on various matters including the border issue, Rao said.

He also indicated that he wishes to visit China in the near future.

On the economic reforms of India, Rao said the process, which received a setback following the Ayodhya incidents, would now be carried out with renewed vigor.

"We are making up for the lost time and now we have gone back to our economic agenda," he said.

He reiterated that the reform is irreversible and the liberalization had been hailed by all countries.

On the Ayodhya issue, he said a mosque and a temple would be rebuilt at Ayodhya but he did not commit himself to a time-frame or an exact location.

As for the relations between India and Pakistan, Rao asserted that the relationship with Pakistan could improve only if the latter "stopped aiding and abetting terrorism in Punjab and Kashmir."

Pakistan President Receives Friendship Group

OW0602110093 Beijing XINHUA in English
0954 GMT 6 Feb 93

[Text] Islamabad, February 6 (XINHUA)—The friendship between Pakistan and China based on the five principles of peaceful co-existence has set a "good example" for other countries with different social systems to develop relationship.

This was stated here today by Pakistan President Ghulam Ishaq Khan at a meeting with a delegation of the Chinese People's Association for Friendship With Foreign Countries led by its president Han Xu.

The president spoke highly of China's foreign policy and especially appreciated China's policy of non-interference in others' affairs, saying this should also be followed by others.

Recalling the traditional friendship between the two countries, the president believed such a time-tested friendship would surely grow "from strength to strength" through mutual exchanges which promote the friendship.

The Chinese delegation leader said on the occasion his visit is aimed at promoting mutual understanding between the two sides.

Pakistan is the first leg of a four-South Asian country tour of the delegation which arrived here Friday evening.

The delegation will also visit Bangladesh, India and Sri Lanka after concluding its visit to Pakistan on February 10.

MOFERT To Increase Trade Links With Iran

HK0802030693 Beijing CHINA DAILY in English
8 Feb 93 p 2

[By staff reporter: "Trade Links With Iran Expected To Increase"]

[Text] China plans to increase trade and improve economic relations with Iran this year.

"We expect a breakthrough in our trade and economic cooperation with Iran this year, as the two nations' economies complement one another," said an official with the Ministry of Foreign Economic Relations and Trade (Mofert).

Chinese foreign trade officials attach great importance to this collaboration in all business sectors, said the official, who declined to be identified.

"Iran now is one of China's largest trading partners in the Gulf region," he noted.

The two countries have enjoyed traditional good relations. The Iranian side also has expressed a desire to further cooperate with China in its post-war reconstruction, he said.

Trade between China and Iran was at about the \$80 million level before 1979.

However, bilateral trade jumped to a record \$283 million in 1983.

The Mofert official said that China believes there is great potential in exchanges with Iran.

China hopes to increase its exports to Iran of maize, beef, animal byproducts, machinery, daily necessities, hardware and chemical products.

China will also try to import a wide range of goods, such as petroleum, pig iron, steel, mineral products, dry fruits and aquatic products, if prices and quality are more attractive than that of other nations.

The Mofert official predicted that economic cooperation will centre on the joint construction of Iranian railway, subway and cement factories, as well as some other items this year.

Cooperation will also be strengthened in prospecting for coal mines, dam designing, and fishing.

According to Chinese Customs, Sino-Iranian Trade reached \$436 million last year, representing a marked increase of 37 percent over the previous year.

Palestinian Deportees Spokesman on 'Only Solution'

OW0502172793 Beijing XINHUA in English
1703 GMT 5 Feb 93

[By Zhao Zhuxiu: "Collective Repatriation Only Way To Resolve Deportees Crisis: Deportees' Spokesman"]

[Text] Beirut, February 5 (XINHUA)—The spokesman for the Palestinian deportees stranded in south Lebanon told XINHUA today that their collective repatriation is the only solution to the deportees' crisis.

The deportees, huddling in their makeshift tent camp in biting winter cold, held that acceptance of Israel's offer to return only a quarter of them would amount to recognition of the legality of the Israeli expulsion policy.

'Abd-al-'Aziz al-Rantisi, the spokesman, noted that the Israeli offer was rejected by the deportees immediately after it was made Monday [1 February] night.

The Israeli Government promised to the length of exile for the rest after taking back 100 of the deportees. It also agreed to let humanitarian assistance reach the deportees.

All the deportees decided to reject the offer, and this decision was "unified and firm," said Rantisi.

On Tuesday, Al-Rantisi said, the deported Palestinians conducted a referendum at the camp. "All raised their hands against it (the Israeli offer)," he said.

This XINHUA reporter asked 25 deportees about their personal opinions of the Israeli offer. The answers were the same: total rejection.

"Either we are repatriated as a collective, or we'll stay here until Israel bows to the U.N. decision," said Al-Rantisi, referring to Security Council Resolution 799 which demands that Israel rescind its December 17 deportation order and take back all the deportees.

"Even if my name is on the list of those allowed to return home immediately, I will not go alone," one said.

In Jerusalem, the Israeli Government today handed a list of 101 deportees to be repatriated, including those who had been determined by the Red Cross as sick and in need of treatment.

The deportees even refused to receive the list. They turned away a Lebanese villager who had been dispatched to send the list.

Meanwhile, the deportees, exposed to cold and hunger already for seven weeks, said that the hardships were "unbearable" and nobody knew when their ordeal was to end.

At the mountainous terrain where they are staying, drinking water is polluted, causing stomach troubles, and many said they were suffering from rheumatic pains and facial nerves paralysis from the cold.

Al-Rantisi said Red Cross officials, who visited the tent camp a few days ago, found 209 of the deportees suffering from chronic diseases and their health was deteriorating for lack of food and medicine.

However, the spokesman told XINHUA they are prepared to continue to stay despite the difficulties. He said they have adopted stringent rations on food and, at times, have only one meal a day.

"People in neighboring villages are trying to supply us with food and, God willing, we can manage until the case is resolved," Al-Rantisi said.

Sub-Saharan Africa

Beijing, Botswana Sign Rail Project Agreement

OW0602011093 Beijing XINHUA in English
2318 GMT 5 Feb 93

[Text] Nairobi, February 5 (XINHUA)—China and Botswana today exchanged notes on the fourth phase of the project of the former helping the latter upgrade railways, which covers 80 kilometers north of the Botswana capital Haborone, said reports reaching here today.

The two countries today also signed a protocol on China dispatching a seventh medical team to Botswana.

West Europe

Spanish Envoy on 'Great' Cooperation Potential

OW0702033893 Beijing XINHUA in English
0312 GMT 7 Feb 93

[Text] Beijing, February 7 (XINHUA)—The potential for friendly co-operation between China and Spain is "great" and the forthcoming visit to China by Spanish Prime Minister Felipe Gonzalez will surely enhance bilateral ties, said Spanish Ambassador to China [Amador Enrique] Martinez Morcillo.

In a recent exclusive interview with XINHUA, Martinez said that it is of great significance that Prime Minister Gonzalez will be visiting China on the occasion of the 20th anniversary of the establishment of diplomatic ties between Spain and China.

During the visit leaders of the two countries will exchange views on international issues and bilateral ties, especially in the fields of politics, economy and trade. Besides, agreements on the setting up of joint ventures in China will be signed.

Martinez said that Gonzalez' entourage will include the Spanish foreign minister and other government officials, as well as some 130 Spanish entrepreneurs. He expressed the belief that "the forthcoming visit to China by Gonzalez will greatly enhance the Spanish-Chinese ties of friendly co-operation in all fields."

The year 1992 was of "great significance" in the history of Spanish-Chinese relations, the ambassador said, as both political and economic contacts between the two countries increased by a big margin.

Last year Chinese Premier Li Peng and other leaders visited Spain. In the meantime, China sent large delegations to the Olympic Games in Barcelona and the World Exposition in Seville. "These were all significant for the development of the friendly ties of co-operation between the two countries," Martinez said.

According to the ambassador, 1992 witnessed a leap forward in bilateral trade as well as investment. Spain has set up dozens of joint ventures in China, mainly in the fields of food processing, transportation, telecommunications, and raw materials.

Compared with other big investors, such as Hong Kong, Taiwan, and the United States, Spanish investment in China is "quite small", Martinez said. But "it is important that Spain has begun to invest in China" and the prospects are "quite good", he added.

Meanwhile, Chinese enterprises, small but many, have started to gain footholds in Spain. He revealed that China will soon open a trading center in Spain, so as to promote economic and trade links between the two countries.

Martinez said that the Spanish Government has provided China with three batches of loans since 1985, totaling 1.5 billion U.S. dollars. "The loans played a major role in pushing forward the economic and trade links between the two countries," he said.

The two governments are expected to sign a financial co-operation agreement for 1993 and 1994 during the Spanish prime minister's visit to China.

Martinez noted that there exists "great potential" for the development of ties between China and Spain, not only in the fields of politics, economy and trade, but in science and technology, and culture.

The ambassador said that the current development of economic and trade ties between Spain and China lags behind Spain's status in the world as well as in the European Community, and China's dynamic economic development.

Spain is a country with advanced science and technology, while China has a series of scientific and technological projects that Spain is interested in, he said. To strengthen scientific and technological exchanges between the two countries will not only help the advancement of science and technology in each country, but will enhance the economic and trade links between them, he added.

Political & Social**Jiang To Address Work Conference on Unity***HK0602070093 Hong Kong MING PAO in Chinese
6 Feb 93 p 7*

[Report: "Jiang Zemin Entrusted By Deng Xiaoping To Deliver Address on Unity Problems in Party, Government, and Army at Central Work Conference"]

[Text] The CPC Central Committee this month will gather the newly "elected" chief persons-in-charge of all provinces and cities in Beijing for a central work conference. Apart from working on the March National People's Congress [NPC], CPC General Secretary Jiang Zemin has also been entrusted by Deng Xiaoping with making a keynote speech at the meeting on the "problems of unity in the party, the government, and the Army."

Sources in Beijing reveal that as local party congress and people's congress elections of new leadership in the provinces and cities are winding up, the CPC Central Committee will be gathering party and government officials of all municipalities and provinces in Beijing to attend a central work conference scheduled for the second half of February, which will be attended by all the Army Headquarters, the party committees of all the military regions, and the Army administrative officials-in-charge.

Of the conference's main agenda, sources say that mainly there will be a special speech by CPC Central Committee General Secretary Jiang Zemin on "unity." Jiang will make a special request at the meeting for the Army to take the lead in the unity efforts. The conference and its main agenda are also "preparatory work" for the upcoming NPC.

Sources point out that the imminent central work conference was, in fact, Deng Xiaoping's idea and he entrusted Jiang Zemin to call the meeting. But the repeated loss of control and "accidents" in various local new party and government leadership elections earlier were also an important factor. A most notable example, sources say, was the election defeat of Xing Chongzhi, Hebei Provincial CPC Committee secretary, who had "sacked" a number of provincial governors when he was the provincial party secretary. As a result, he was defeated at the provincial party congress preliminary election by a "shortfall of votes." The meeting was put on hold and movies were screened in the middle of the session to calm the deputies down, while requests were being sent to the central authorities for instructions. The central authorities' reply, however, was: "Let it be."

Newspaper reports claimed that a general feeling among high-ranking CPC Central Committee officials was that the appearance of a similar situation in the forthcoming NPC session would disrupt arrangements by central authorities and it was necessary to call a central work conference devoted to unity to "signal" to local officials

that they should rally behind the Central Committee's centralized leadership, so that central orders can be implemented.

On the other hand, local party and government leaders who have recently taken office are all "out there" and may not share the same views among themselves or may not belong to the same faction. This requires high-level central reconciliation and instructions. The central work conference, the sources say, is another move by central authorities to recognize the election realities in various localities, meet the "new local officials," and "do work."

Sources also stress that, at the meeting, Jiang Zemin will be asking, in his dual capacity of CPC Central Committee general secretary and Central Military Commission chairman, for the Army to "set a good example for the beginning of the unity work for the whole country." The functions of the Army will again be enhanced and its role as the "unifier" and "pacesetter" in the upcoming NPC and ensuing political situation will be highlighted.

According to reports, high-level CPC central authorities have reached the consensus that unity will be a very important issue in future political situations and economic development, particularly that between localities and central authorities, the Army and the central authorities, between officials of different provinces and the Army, and unity between officials of any one province and the troops within that province. The central authorities are apprehensive that, as the "market economy" develops, the whole country could become like sand because of disunity and refusals to obey central orders. This would wreck the tight central control over the political system.

Daily on Meeting Urging Strengthened Propaganda*HK0802011093 Beijing RENMIN RIBAO in Chinese
18 Jan 93 pp 1, 4*

[Dispatch by reporter Duan Cunzhang (3008 1317 4545): "National Forum of Heads of Propaganda Departments Ends in Beijing; Stresses Need To Strengthen Propaganda, Ideological Work in New Situation"]

[Text] Beijing, 17 Jan (RENMIN RIBAO)—The first national forum of propaganda department heads convened after the 14th CPC National Congress was held in Beijing from 11 to 16 January.

The main theme of the forum was: implementing the spirit of the 14th CPC National Congress, adopting Deng Xiaoping's theory on building socialism with Chinese characteristics as guidance for propaganda and ideological work, making propaganda and ideological work more efficiently serve reform, opening up, and modernization with economic construction as the key link, pushing propaganda and ideological work forward to a new stage, and making new contributions in this respect.

The forum participants held that now is an extremely favorable time to promote propaganda and ideological work. At present, the party's theory, line, principles, and policies have been further clarified. The country as a whole is enjoying political stability, social stability, and economic growth. The entire party and all the people are in high spirits, have had their minds emancipated, and are striving with one heart and one mind to build the socialist cause with Chinese characteristics which is full of vigor and vitality. This offers us an extremely favorable opportunity to step up and improve our propaganda and ideological work. In the new period and in face of new tasks, we should appropriately define our role in the propaganda and ideological work, adopt a correct guiding ideology, clarify our work orientation, reform our working system, improve our work style, follow the principle of "laying stress on construction" that was specifically reiterated by the 14th CPC National Congress, and bring into play the important role of our propaganda and ideological work in our endeavor to accomplish the party's new tasks in the new period.

The forum emphasized that propaganda and ideological work is of special importance under the current new circumstances. Propaganda and ideological work is what our party is adept at. As far as propaganda and ideological work is concerned, we must make use of all positive factors and turn negative factors into positive ones, with a view to uniting with all the forces that can be united and in accordance with the new requirements of the great social reform and the times; we must support reform, opening up, and modernization with spiritual motivation, intellectual resources, an ideological guarantee, and a favorable public opinion environment, and thus arouse great enthusiasm among the Chinese people of all nationalities in their efforts to build socialism with Chinese characteristics. Given the new situation, propaganda and ideological work is by no means of little value but has bright prospects, and it should not be played down but must be strengthened. All our comrades within the party, especially those who work on the propaganda and ideological front, must fully realize the special importance of propaganda and ideological work, be aware of the extremely favorable opportunity that is now available for propaganda and ideological work, squarely face the various existing problems and difficulties, enhance their sense of responsibility and mission, strengthen their confidence, overcome the fear of difficulty, give full play to their creative spirit, and take the initiative in undertaking the important tasks that the party and the people entrusted them with.

The focus of the discussion during the forum was Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics as the guidance of propaganda and ideological work. Arming all the party with this theory is the most important task for those working on the propaganda and ideological front. This is the fundamental guiding concept for propaganda and ideological work. We will be able to firmly ensure a correct political orientation for propaganda and ideological work, promote unity and unification of the whole party, and

unswervingly hold to the party's basic line for a whole century, only if we can hold high the great banner of building socialism with Chinese characteristics, apply the theory on building socialism with Chinese characteristics to all aspects of and all tasks related to the propaganda and ideological work, and thoroughly imbue the minds of all our party members, and high-ranking cadres in particular, with this theory.

Forum participants held that, according to the new generalization of the theory on building socialism with Chinese characteristics as put forth by the report delivered at the 14th CPC National Congress, it is necessary to closely link this theory with reality, devote great efforts to studying and elaborating this theory's important position in the history of development of Marxism, as well as its great practical and far-reaching significance to the socialist modernization in this country, and explore this theory in depth in various contexts, especially in the context of the development of productive forces and the establishment of the socialist market economic structure. At the same time, it is necessary to adopt different education methods to suit the varying needs of different people at different levels, with a view to achieving better results.

The forum set forth key tasks for the propaganda and ideological front in 1993. Nine specific tasks need to be properly done: conscientiously implementing the task of arming all the party with Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics; making sure that propaganda and ideological work will serve economic construction better; earnestly stepping up education on the party's basic line and on patriotism, collectivism, and socialism, thus expediting the development of spiritual civilization among the masses; strengthening investigations and studies of public opinion, and giving full play to the role of mass media, especially television, newspapers, and radio broadcasts; further promoting cultural development, and continuing to push ahead the "anti-pornographic campaign"; vigorously stepping up propaganda toward foreign countries; actively expediting reform of the propaganda and cultural setups; building a contingent of propaganda and ideological work personnel who are of high political integrity, professional competence, and a fine work style; and doing a good job in the propaganda work to mark the 100th birth anniversary of Comrade Mao Zedong. The forum stressed that, for the moment, the main point regarding propaganda work is that we must really go into action to vigorously, comprehensively, and correctly propagate and implement the spirit of the 14th party congress; further improve our propaganda on economic affairs, with the overall interests borne in mind and in the spirit of seeking truth from facts; attach greater importance to and step up propaganda on agriculture; strengthen propaganda on socialist spiritual civilization; further reinforce leadership over organizations in charge of propaganda and ideological work; promote clean and honest government; and curb malpractices prevailing in different trades.

Propaganda and ideological work is a highly political, ideological, theoretical, and professional work which involves a wide range of affairs, very strict requirements, and a very heavy workload. For this reason, we must discuss and focus our attention on major issues and exercise macroscopic control. The forum proposed to build a contingent of propaganda and ideological work personnel who are of high political integrity, strong professional competence, and a fine work style. At present, we particularly need to substantially enhance the political quality of cadres of all departments relating to propaganda and ideological work. We need to build up leading bodies for propaganda and ideological work personnel at all levels in accordance with the criteria of "four transformations" [more revolutionary, younger in average age, better educated, and more professionally competent] and the principle that stresses both ability and political integrity. It is necessary to enhance unity among propaganda and ideological work cadres, and urge them to work hard with one heart and one mind, with overall interests borne in mind. Leading bodies of propaganda departments at all levels must fulfill three requirements: developing a democratic work style and sincerely promoting unity; working conscientiously, responsibly, and diligently; strictly enforcing discipline and performing one's duties and responsibilities. The propaganda departments of party committees at all levels must try to refine their work and reinforce relevant organizations. It is necessary to advocate an "upright, strict, meticulous, in-depth, and practical" style, namely, upright political style, strict discipline, meticulous work, in-depth work manner, and practical results, and it is necessary to oppose formalism. Also, it is necessary to reinforce party building and ideological and political work within organs.

During the forum, Jiang Zemin, Li Peng, and other central leading comrades met with the forum participants and heard a briefing. General Secretary Jiang Zemin delivered an important speech. He noted that party committees at all levels must truly set great store by propaganda and ideological work and strengthen leadership over propaganda and ideological work. The central authorities' trust in and concern for propaganda and ideological work personnel aroused enthusiastic response among forum participants. Being elated and in high spirits, many forum participants pledged to convey the guideline to the party committees they belong to immediately after they return to their departments, conscientiously implement the spirit of the forum, work in a down-to-earth manner, and do their best to make their work a success.

During the national forum of propaganda department heads, Comrade Ding Guangen, member of the Political Bureau and secretariat, and head of the Propaganda Department, of the CPC Central Committee, delivered an important speech (which is released separately).

During the forum, the executive deputy head of the Propaganda Department of the CPC Central Committee, Zheng Bijian, also delivered a speech. Comrades

who were attending a national meeting on propaganda toward foreign countries and a meeting on domestic operation of the XINHUA NEWS AGENCY were present at the closing session of the forum.

Also present at the forum were members of the central leading group for propaganda and ideological work, including Zheng Bijian, Shao Huaze, Zeng Jianhui, Liu Zhongde, Ai Zhisheng, Guo Chaoren, Zeng Qinghong, Xu Zhijian, and Xu Caihou.

Senior Cadres 'Lobby' Coastal Areas for Support

HK0602045093 Hong Kong SOUTH CHINA
MORNING POST in English 6 Feb 93 p 8

[By Willy Wo-lap Lam]

[Text] Senior cadres are visiting the prosperous coast to push Beijing's policies and to lobby for support for their own political careers.

And for the first time since 1949, regional cadres have openly asserted their right to formulate local policies.

Politburo members, including Mr Zhu Rongji, Mr Zou Jiahua, Mr Tian Jiyun, and Mr Li Tieying have toured the southeast coast in the past fortnight.

The central-level leaders reiterated the imperative of toeing the Beijing line specially on cooling the economy and stopping "over-ambitious projects".

For example, Vice-Premier Mr Zou, who is considered a cautious reformer, warned cadres in Jiangsu Province against unrealistic targets.

"We must strengthen macrolevel regulations and control and pay attention to comprehensive balance (in the economy)," national papers yesterday quoted Mr Zou as saying.

"On development speed, one must not (unrealistically try to) catch up with the others. We must be realistic and act according to our ability."

Analysts said that while in Beijing, reformist cadres such as Vice-Premiers Mr Zhu and Mr Tian tended to echo the general line about being "cautious" and "balanced" in development, they usually made more liberal statements in the regions.

While inspecting Wenzhou, a "quasi-capitalistic" enclave in Zhejiang Province earlier this week, Mr Zhu supported the city's high growth rate as well as its experiments with the stocks system.

"Since the reform and open door policy, Wenzhou has achieved major progress and the economy there has expanded by 10 times," Mr Zhu said. "Wenzhou's achievements in reform are obvious."

While touring Shenzhen, Politburo member Mr Li, generally identified as a "moderate," encouraged local officials to "continue to make bold experiments and bold reforms."

The national media has not disclosed talks given by Mr Tian while he was touring Guangdong the past week.

Chinese sources said the outgoing Vice-Premier who would shortly be appointed Vice-Chairman of the National People's Congress, was unrestrained in urging local Guangdong cadres to integrate their economies with Hong Kong and the West.

The sources said Mr Zhu and Mr Tian wanted to secure the support of regional cadres in their efforts to throw aside central planning-oriented bureaucrats in Beijing.

Meanwhile, local leaders including the Guangzhou party secretary Mr Gao Qiren and his Shenzhen counterpart Mr Li Hao have displayed unprecedented boldness in bucking central edicts.

Yang Shangkun Attends Guangdong Awards Ceremony

OW0502150793 Beijing XINHUA in English
1450 GMT 5 Feb 93

[Text] Guangzhou, February 5 (XINHUA)—The city government of Guangzhou, the capital of south China's Guangdong Province, today awarded honorary citizenship to 49 people, most of whom are Overseas Chinese.

President Yang Shangkun, who is staying in Guangdong Province, attended today's award ceremony.

Gao Siren, secretary of the city's Communist Party committee, said at the meeting that the recipients played an important part and made great contributions to Guangzhou's development.

Many of them donated more than ten million Hong Kong dollars to science and technology, education, medicine, cultural undertakings and other public welfare, including Li Ka Shing, chairman of the board of directors of the Cheung Kong (holdings) Ltd of Hong Kong.

Gao said that Guangzhou owes many of its achievements to the concern and support of Overseas Chinese and other foreign friends.

Overseas Chinese contributed more than 80 per cent of the funds of over 3,000 foreign-funded enterprises in the city.

In addition, the money donated by overseas Chinese to the city's welfare during the last decade was as much as 730 million yuan (about 128 million U.S. dollars).

Li Ziliu, mayor of Guangzhou, said at the meeting that Guangzhou has decided to catch up with Asia's "four little dragons" by the year 2005, and the city will enhance ties with the Overseas Chinese in various forms.

At Hotel Anniversary

OW0602235493 Beijing XINHUA Domestic Service in Chinese 1439 GMT 6 Feb 93

[By reporter Cai Zhongzhi (5591 1813 2784)]

[Excerpts] Guangzhou, 6 Feb (XINHUA)—The White Swan Hotel in Guangzhou—a Sino-overseas joint venture and China's first large-scale modern hotel—celebrated its 10th founding anniversary today. Among the leaders attending the celebration activities were President Yang Shangkun; Xie Fei, secretary of the Guangdong provincial party committee and member of the CPC Central Committee Political Bureau; and Guangdong Provincial Governor Zhu Senlin. It was also attended by Henry Ying Tung Fok, the hotel's investor and a renowned patriot from Hong Kong.

In warm congratulations on the 10th anniversary of the founding of the hotel, Jiang Zemin, Yang Shangkun, Li Peng, Li Ruihuan, Bo Yibo, Tian Jiyun, Zou Jiahua, Xie Fei, and Ye Xuanping inscribed for the it. [passage omitted]

During today's celebration activities, Yang Shangkun used a laser beam to dot the eyes of a dance-performing dragon. Afterward, Henry Ying Tung Fok hosted a banquet for the guests.

During their visit to the White Swan Hotel on 4 February, President Yang Shangkun and Tian Jiyun, vice premier of the State Council, praised the hotel as a successfully-managed enterprise. The hotel has been invested in and developed by Henry Ying Tung Fok, and has been designed, constructed, and managed by Chinese personnel.

Attending celebratory activities this evening were responsible comrades from relevant central and state organs and departments, and also from Guangdong Province, Guangzhou City, and the Guangzhou Military Region. They included Li Changan, Lu Ping, Liao Hui, Wang Shuming, Lin Ruo, Guo Rongchang, Li Xilin, and Shi Yuxiao. Zhou Nan, director of the XINHUA NEWS AGENCY's Hong Kong branch, also attended the celebration activities.

Zou Jiahua Remarks During Inspections Reported

Focuses on Efficiency in Shaanxi

OW2601133493 Beijing XINHUA Domestic Service in Chinese 0929 GMT 16 Jan 93

["Zou Jiahua Stresses Efficiency in Economic Work During Shaanxi Inspection"]

[Text] Xian, 16 Jan (XINHUA)—Zou Jiahua, member of the Political Bureau of the CPC Central Committee and vice premier of the State Council, stressed during his recent inspection tour of Shaanxi that currently the emphasis should be on efficiency in economic work. He said that in appraising economic development, what

counted was whether efficiency was high or low, whether there was a virtuous cycle in economic development, and whether or not there was a growth rate with good economic results. He urged all to take note of the above points.

Zou Jiahua pointed out that in studying economic work, one should first and foremost study the demands of the market. There will be no virtuous cycle in economic development if there are plans only for output and output value, number of projects, and scale of industrial development and no appraisal of market demands. The traditional way of thinking, which gave little thought to production and construction efficiency, no longer meets the requirements of the new economic situation and the requirements for establishing a socialist market economy. When studying economic development and arranging commodity production, we should give primary consideration to product markets; therefore research and analysis on market demands are needed. We should arrange economic activities only after making sure of market demands; economic activities thus arranged can expect to achieve real results.

Zou Jiahua said market meant both domestic and international markets. He urged northwest areas to look west in developing their international markets. He called on them to take advantage of trading ports in Xinjiang and to develop economic and trade relations with countries in central and west Asia. Taking the westward approach, whether from the viewpoint of market demand or transportation, offers great potential for northwestern areas. Provinces in the northwest should seize good opportunities, make full use of their own advantages, gear themselves to foreign market demands, vigorously develop marketable products, and develop economic cooperation. At the same time, they should, by paying close attention to domestic and foreign market demands, make good use of foreign capital, import advanced technology, transform existing enterprises, and closely integrate the tasks of importing advanced technology, developing export markets, and of transforming enterprises. While competing in the market, they should bring their own advantages into play, adopt new and high technologies to develop new products, and build up new strength. Only in this way will the areas in the northwest achieve thriving development of their economies.

Zou Jiahua also pointed out the need for Shaanxi to continue to do well in agriculture and rural economic work in a down-to-earth manner and to further consolidate the position of agriculture as the foundation of the national economy. On the basis of the development of the rural economy, he said it is necessary to constantly increase the income of the farmers so that agriculture and industry can develop in a more coordinated way.

Stresses Agriculture on Jiangsu Tour

OW0702053493 Beijing XINHUA Domestic Service in Chinese 0910 GMT 4 Feb 93

[By reporter Yin Xuecheng (3009 1331 2052)]

[Text] Nanjing, 4 Feb (XINHUA)—During an Inspection of Jiangsu Province, Zou Jiahua, member of the Political Bureau under the CPC Central Committee and vice premier of the State Council, stressed the need for vigorous and correct implementation of the guidelines set forth at the 14th CPC National Congress, for enhanced macroeconomic control, and for the achievement of balanced economic development. Touching on the speed of economic growth, he advised against "rushing for speed and pursuing the same speed of growth as others." He called on everyone to proceed from actual conditions; act according to their own capability; pay attention to economic results; and ensure coordinated, sustained, and continued development of the national economy.

Accompanied by Chen Huanyou, governor of Jiangsu, and others, Vice Premier Zou Jiahua conducted studies at workshops, construction sites, and ports in Nantong, Suzhou, Wuxi, Nanjing, and Yan'zhou from 29 January to 4 February. He also talked to Shen Daren, secretary of the Jiangsu CPC committee, and other comrades.

Zou Jiahua said: The CPC Central Committee, proceeding from China's actual conditions, has stressed the importance of agriculture, the need for strengthening agriculture, and the need to increase farmers' incomes. Agricultural problems not only involve the development of the rural economy but also the overall situation of the nation's economy. He said everyone knew China's largest market was in the countryside. Only with the gradual increase in farmers' incomes and with more money in farmers' pockets would this big market thrive. The thriving of the market would help industry, the service trade, even the entire national economy, to develop. He said that agriculture, as the foundation of the national economy, should not be weakened at any time because China was a country with vast population and grain supply remained a big issue.

Turning to the problem of deepening the internal reform of enterprises, Zou Jiahua stressed the need for people involved in enterprises to change their attitude and transform the operating mechanisms of the enterprise. He also called for vigorous implementation of enterprise regulations, increased formulation of economic laws, and a readjustment of the product mix. He said the idea of relying on one hit product to prop up an enterprise was outmoded. It was necessary to make constant market surveys and develop products according to market demands. The economic benefits of enterprises went up along with increases in product variety, with improvement in product quality, and with an increase in production output.

Zou Jiahua also visited China Huajing Electronic Group Company, Meishan Metallurgical Company, Jinling Petrochemical Company, and Yangtze Petrochemical Company. He expressed satisfaction with the performance of companies which had persisted in reform and exploring the market. He also fully affirmed the practice of enterprises setting up research institutes. He said: "It is

necessary to give full play to the role of scientific research institutes attached to enterprises and to encourage specialized technicians to carry forward the spirit of self-reliance and bold renovation; those who make outstanding contributions should be encouraged and rewarded."

The problems that occupied Zou Jiahua during his inspection tour were: How to optimize structure; how to give play to advantages in line with our country's actual conditions; how to further develop the fuel industry and new and high technology industries; and how to enhance basic structure construction. During the inspection, he discussed with relevant responsible comrades and experts and proposed specific ways to further develop China's communications, petrochemical industry, water conservation, metallurgy, and electronics industry.

Accompanying Zou Jiahua during the inspection were Wang Shumin, deputy secretary general of the State Council; Ye Qing, vice minister of the State Planning Commission; Huang Zhengdong, minister of communications; and Sheng Huaren, president of China National Petrochemical Corporation.

Jiang Zemin, Li Peng Attend Festival Gathering

OW0602153093 Beijing XINHUA in English
1518 GMT 6 Feb 93

[Text] Beijing, February 6 (XINHUA)—Senior Chinese leaders including Jiang Zemin and Li Peng spent the Chinese Lantern Festival, the 15th day of the first month of the lunar year, with more than 100 artists here tonight.

General Secretary Jiang, Premier Li, Chairman of the Standing Committee of the National People's Congress Wan Li, and Qiao Shi, Li Ruihuan, Zhu Rongji, Liu Huaqing and Hu Jintao, all members of the Standing Committee of the Communist Party's Politburo, spent the festival at a get-together which lasted about two hours.

Jiang extended greetings to all artistic workers in China and said that he hoped they would have a more creative year.

He also inquired about several retired performers including famous Peking Opera stars Yuan Shihai and Zhang Junqiu and well-known actor Yu Shizhi.

Dao Meilan, a dancer from southern China's Yunnan Province, invited Premier Li to visit the bamboo buildings in her hometown. The premier asked her whether people in Kunming, capital of the province, felt the recent major earthquake in Puer.

The artists performed for the guests at the reception.

Qiao Shi, Zou Greet Antarctic Team

OW0502223993 Beijing XINHUA in English
1712 GMT 5 Feb 93

[Text] Beijing, February 5 (XINHUA)—On Saturday [6 February], on the occasion of the Lantern Festival on the 15th day of the first lunar month, China's two senior officials cabled their greetings to the ninth Chinese Antarctic expedition team staying in the South Polar area.

Qiao Shi, a member of the Standing Committee of the CPC Central Committee Political Bureau, and Zou Jiahua, a member of the CPC Central Committee Political Bureau and vice premier of the State Council, conveyed their best wishes and thanks to the polar explorers, who are at the Chinese Great Wall Station, the Zhongshan Station and onboard the Chinese vessel "Jidi" in the Antarctic.

They praised the members of the expedition team for their spirit in facing hardships and dangers to make selfless contributions to science.

The officials also expressed their hopes that the Antarctic explorers would unite, cooperate and strive in fulfilling the tasks of the ninth expedition and make even bigger contributions to the peaceful utilization of the Antarctic.

Jiang, Li Peng Greet Railway Strike Anniversary

OW0702015293 Beijing XINHUA Domestic Service in Chinese 0834 GMT 6 Feb 93

[By RENMIN RIBAO reporter Wang Qingxian (3769 3237 2009) and XINHUA reporter Li Nianguai (2621 1628 6311)]

[Text] Beijing, 6 Feb (XINHUA)—The "7 February" general strike marks its 70th anniversary this year. The All-China Federation of Railway Workers' Unions today held a commemorative meeting at the Beijing Erqi [7 February] Locomotive Plant, one of the sites of the general strike, to mark the occasion.

Jiang Zemin, general secretary of the CPC Central Committee, and Premier Li Peng, sent their hand written congratulatory messages. Jiang Zemin's message reads: "Foster the 7 February revolutionary traditions, and strive to be forerunners of the four modernizations." Li Peng's message reads: "Carry forward the glorious and revolutionary 7 February traditions, and be the main force of reform and construction."

The commemorative meeting opened amid the magnificent strains of the national anthem. Then Ni Zhifu, vice chairman of the National People's Congress [NPC] Standing Committee and chairman of the All-China Federation of Trade Unions; Tu Yourui, vice minister of railways; Liu Zaixiang, a veteran worker who took part

in the general strike 70 years ago; and Lu Hong, representative of the young workers, took the floor one after the other.

In his speech, Ni Zhifu urged workers of all nationalities in the country to carry forward the revolutionary traditions of the "7 February" strike and shoulder the historical responsibilities of the Chinese working class today. He said: The "7 February" general strike was a glorious chapter in the history of the Chinese workers' movement. It shows that, after becoming a class for itself from being a class in itself, the Chinese working class has ascended China's historical arena as an independent, political force shouldering the historical responsibilities of the working class. The great successes accomplished in the past 70 years prove that the Chinese working class is worthy of being called the leading class of the Chinese revolution and the main force of revolution and construction.

Ni Zhifu stressed: China's socialist modernization has now entered a new stage. The historical responsibilities of the Chinese working class today are to firmly adhere to the party's basic line; continue to consolidate the worker-peasant alliance; and rally people of all nationalities to wage hard struggles, explore while proceeding, speed up the pace of reform, opening up and modernization, and build China into a prosperous, strong, democratic, civilized, and modern socialist country—doing so under the CPC leadership.

In his speech, Vice Minister of Railways Tu Yourui pointed out that the "7 February" revolutionary struggle was an honor and a matter of pride for Chinese railway workers. He said: The heroic struggles and death-defying revolutionary spirit displayed by workers of the Beijing-Hankou Railway during the strike to achieve the working class's great historical missions have, over the last 70 years, served as a banner to inspire railway workers to succeed one another and fight in unity to realize the great communist ideal. He urged the 3.4 million-strong railway workers to display the revolutionary spirit of the "7 February" strike, shoulder the historical burden, and write an even more magnificent chapter in achieving historic progress in railway development.

Attending the meeting were Zhang Dinghua, Chen Bingquan, and Li Rongguang, vice chairmen of the All-China Federation of Trade Unions; Sun Yongfu and Fu Zhihuan, vice ministers of railways; Feng Zuchun [7458 4371 2797], chairman of the All-China Federation of Railway Workers' Unions; as well as leading members and workers' representatives of the All-China Federation of Trade Unions, relevant departments, and trade unions; committees and bureaus of the Ministry of Railways; national corporations, the Erqi Locomotive Plant, and the Erqi Rolling Stock Plant, totaling more than 1,300 people.

Zhu Rongji, Others Mourn Jiang Yiwei

OW0602113993 Beijing XINHUA Domestic Service in Chinese 1053 GMT 5 Feb 93

[Excerpt] Beijing, 5 Feb (XINHUA)—A ceremony for paying last respects to the remains of Jiang Yiwei, a well-known economist and deputy to the Seventh National People's Congress, was held in Beijing this morning. Jiang's friends, relatives and people from various circles bid farewell to the famous scholar at the Babaoshan cemetery for revolutionaries. They included Comrades Zhu Rongji, Wang Hanbin, Hu Sheng, Zhang Jingfu, Duan Junyi, Chen Jinhua, Lu Dong, Yuan Baohua, and Ma Hong. There were wreaths from Comrades Li Lanqing, Rong Yiren, Peng Chong, Ni Zhifu, Gu Mu, Chen Junsheng, and Luo Gan and from Jiang's friends at home and abroad. Jiang Yiwei died of illness in Beijing on 25 January 1993 at the age of 72. [passage omitted]

Li Tiejing at Gathering for Talk Show Host

OW0602113893 Beijing XINHUA Domestic Service in Chinese 0755 GMT 6 Feb 93

[By reporter Qin Jie (4440 2638)]

[Excerpts] Beijing, 6 Feb (XINHUA)—Hou Baolin, a master comic talk show artist, died in Beijing on 4 February.

Braving chilly cold, over 50 celebrities of the cultural and press circles met at the Ministry of Radio, Cinema and Television this morning to attend a symposium on the 65-year career of the comic talk show artist.

To attend this meeting, Li Tiejing, member of the CPC Central Committee Political Bureau and state councillor, absented himself from another meeting at the State Council. He spoke highly of the artist's major contributions to the development of comedy as well as his lifelong dedication to artistic and cultural work. He urged all performers to emulate Hou Baolin's dedication and professional ethics, saying that there are plenty of opportunities now for creating a boom in the field of culture and art. [passage omitted]

The symposium was sponsored by the Ministry of Radio, Cinema, and Television; the Ministry of Culture; the China Federation of Literary and Art Circles; and the Chinese Association of Ballad Singers.

XINHUA Correction on Artiste Item

OW0502005893

The following XINHUA correction pertains to the item headlined "Ding Guangren, Others Visit Artiste in Hospital," published in the Political & Social section of the 4 February China DAILY REPORT, page 13:

Beijing XINHUA Domestic Service in Chinese at 1641 GMT on 4 February transmits a service message correcting the XINHUA Chinese version transmitted at 0822 GMT on 4 February, a portion of which was

attached as an editorial note to the end of the XINHUA English version transmitted at 1037 GMT on 4 February, and run in the 4 February China DAILY REPORT. The XINHUA correction makes the following change to the item:

Second column, last paragraph of item on deceased artiste, only sentence, make read: at 0822 GMT on 4 February, in a similar report, adds: After Hou Baolin's death, General Secretary Jiang Zemin made a phone call to Hou Baolin's relatives to extend his sympathy and cordial regards. Ding Guangen, Li Tieying... (supplying additional information referring to Jiang Zemin per XINHUA correction)

Li Tieying Addresses Women's Conference Meeting

OW0602063393 Beijing XINHUA Domestic Service in Chinese 1324 GMT 4 Feb 93

[By reporter Hu Xiaomeng (5170 2556 1125)]

[Text] Beijing, 4 Feb (XINHUA)—The Chinese organizing committee of the fourth world women's conference held a working meeting at Zhongnanhai today.

Li Tieying, state councillor and chairman of the Chinese organizing committee of the fourth world women's conference, and the vice chairman of the organizing committee, Luo Gan, were briefed during the meeting on the work of five special functional committees—the conference committee, the nongovernmental organizations forum committee, the propaganda and mobilization committee, the administrative and financial committee, and the security committee—by their chairpersons.

The fourth world women's conference, to be held in Beijing in September 1995, will be an international conference of high standards, to be attended by some 15,000 people from all walks of life from various countries. At present, the special function committees are stepping up their work. Li Tieying fully affirmed the work done by the special functional committees since the inception of the organizing committee. He said: We should begin preparing the fourth world women's conference in an all-around way this year. All special functional committees should work strictly according to plan, and certain things should be done immediately. We may learn from the experience of sponsoring the last Asian Games, do things systematically one by one, and seek participation by the broad masses of the people, particularly women.

Chen Muhua, vice chairman of the National People's Congress Standing Committee and president of the All-China Women's Federation, attended the meeting.

State Council Compiling Administrative Reform Plan

OW0702202793 Shanghai WEN HUI BAO in Chinese 25 Jan 93 p 2

[Unattributed report: "Breakthrough Expected in Organizational Reform This Year; State Council Drawing Up Organizational Simplification Program To Be Submitted to Eighth National People's Congress for Deliberation and Approval; Various Provinces Preparing Corresponding Programs for Readjusting and Merging Departments"]

[Text] The 14th CPC National Congress explicitly called for resolve in the reform of the administrative structure and administrative departments. In a discussion with veteran comrades, Comrade Jiang Zemin again stressed that one of this year's four important tasks of reform is studying and drawing up a general program for organizational reform and its subsequent implementation.

Throughout the country today there are more than 3,000 permanent party and government organs at or above the township level, more than 1.7 million state-supported institutions, and nearly 40 million people whose wages are paid from government budgets. In other words, every year some 40 percent of state revenues are "eaten up." Overlapping departments, overstaffing, and low efficiency are the major defects of the current administrative structure. This administrative structure, built on the basis of a planned economy, can no longer meet the needs of the development of economic reform in China. Organizational reform and streamlining the administrative structure comprise an overpowering trend. We have no choice but to fulfill these tasks.

It is understood that the central policymaking department has decided to call on all departments in charge of the overall balance of the economy to shift the focus of their work on strengthening macroeconomic control by merging some specialized economic departments with organs that have overlapping functions and by reducing the number of temporary departments. The State Council is drawing up a program to simplify departments, and this program will be submitted to this year's Eighth National People's Congress for deliberation and approval. According to this program, the number of personnel in various departments and commissions under the State Council will be reduced by a considerable margin. Some of the departments and commissions will have their functions completely changed. They will essentially become corporations separate from the government's administrative system. Various provinces are preparing programs to readjust and merge departments in response to the State Council's program.

It is understood that some departments have already started simplifying their organs. For example, the China National Petrochemical Corporation and the China National Nonferrous Metals Industry Corporation markedly raised their efficiency after reducing their staffs by 50 percent. This proves that it is possible to

halve the number of personnel of government departments in charge of economic work.

It has been learned that these ideas will be embodied in the program for organizational reform in China:

—In organizational reform, the first step will be to transform the functions of government. This means the relationship between the government and enterprises, as well as their status, will be clearly defined in social and economic activities in accordance with the principles "separating enterprise management from government administration and combining micro-flexibility with macro-control." During the process of transforming the functions of government, no administrative departments will be allowed to run commercial enterprises. Former economic departments that have been transformed into economic entities must separate themselves from government finances as soon as possible, and they will no longer possess any governmental administrative functions. This means they must not become a corporation in name only.

—Organizational reform is a comprehensive reform. Therefore, it is necessary to straighten out the relationship between the government and institutions, as well as the relationship between central authorities and local authorities. The functions of administrative departments and institutions will be strictly distinguished. No institution is allowed to have administrative functions. Educational departments should merge some inappropriate colleges and specialized schools, many of which were hastily established without regard for the needs of society. The society, collectives, and individuals should be encouraged to run schools. Also, some scientific research units should separate themselves from government finances and support themselves by selling their research results to society. Cultural and public health units should also step into society and collect fees to support their spending. In other words, they should be responsible for their own profits and losses. The relationship between central and local authorities and their functions will be scientifically defined. Administration at different levels means corresponding functions at different levels. It does not mean that local authorities should have departments corresponding to those of the central government. With regard to the organizational structure of local authorities, the policy decision on dispersion will be implemented under the principle of unified central policies.

—While implementing organizational reform, it is necessary to reform the cadre personnel management system, the wage system, and the social insurance system to create a good environment for reducing the number of personnel. The cadre personnel management system should include the management of cadres according to their respective categories. At the same time, it is necessary to reform the existing employment system, readjust the system of job assignment for college graduates, and revamp the method of resettling

retired or discharged military cadres. Regarding the wage system, its current unitary structure will be reformed with the addition of grades and ranks. A perfect social insurance system, which covers the elderly and people awaiting jobs, will be established.

Circular on 'Serious Problem' in Organ Reform

OW0702004493 Beijing XINHUA Domestic Service in Chinese 0918 GMT 5 Feb 93

[Text] Beijing, 5 Feb (XINHUA)—The Central Discipline Inspection Commission recently issued a circular regarding the serious problem which occurred when the former Yichang City in Hubei Province took advantage of an opportunity given by a prefecture-city merger to promote cadres out of the blue and wantonly distribute cash and materials.

In accordance with a central decision, the former Yichang Prefecture and Yichang City were combined to form a new Yichang City in March 1992. A few days before the announcement of the central decision, principal responsible comrades of the party committee of the former Yichang City and some departmental leaders brushed aside party discipline and took the opportunity to promote a large number of cadres out of the blue. A total of 1,017 cadres were promoted, with the party committee of the former Yichang City promoting 113 cadres at the county-level, and its affiliated departments and units promoting 904 cadres at the divisional level. Relevant departments failed to test the cadres and follow procedures for appointment and dismissal when they promoted the cadres. In some cases, permission for promotions was granted on the same day the reports were sent in; in other cases, appointment was made even before relevant procedures had been initiated.

In addition to giving cadres surprise promotions, many units in the former Yichang City also utilized the opportunity to spend money and wantonly distributed cash and materials. One month or so before the announcement of the central decision, 154 units directly under the former Yichang City suddenly spent a total of 14.83 million yuan in cash and in distributed cash and materials. In seven of the units, an average of 1,000 yuan was spent on each person, and in other units, the amount exceeded 2,000 yuan. Units which did not have funds in their possession sold fixed state assets and divided the proceeds among themselves, some even bought things for themselves with party funds.

A small number of units in the former Yichang Prefecture capitalized on the opportunity to give a total of 84 cadres surprise promotions; a total of 104 units also spent money and distributed cash and materials worth 6.79 million yuan. In the most serious individual cases, an average of 3,430 yuan was spent on each person.

The Hubei provincial party committee realized the seriousness of what happened and adopted resolute and decisive measures to instruct the provincial discipline inspection commission, the organizational department

of the provincial party committee, and the present Yichang City Party Committee to clear up the problem and rectify the situation. All the surprise promotions of cadres were invalidated, all money and materials distributed wantonly were recalled, and leading cadres directly responsible, or who acted as leaders during the incident, were investigated for their disciplinary responsibilities.

The Central Discipline Inspection Commission's circular said: Organizational reform and efforts to streamline the administration are important prerequisites for deepening economic reform, constructing a market economy system, and accelerating modernization. They are a very urgent, formidable, and complicated task. We must strengthen our leadership in this regard, conduct overall planning, make painstaking arrangements, and avoid letting each go his own way. Although events which happened during the merger of the Yichang Prefecture and City—sudden promotions given to cadres and wanton distribution of cash and materials—can be considered isolated incidents, the problem is nevertheless disgusting. The events had a very bad influence on others; seriously tarnished the image of the party and government; and disturbed the smooth progress of reform, opening up, and economic construction. We have learned a profound lesson.

The circular said: Leading bodies at all levels must adhere to the principle of the party spirit and practice stricter discipline as we increase reform and opening up. They must adopt an unshakable, overall point of view and oppose and overcome individualism and selfish departmentalism.

The Central Discipline Inspection Commission urged leading cadres at all levels, particularly leading cadres who are party members, to learn from what happened, uphold the party spirit during organizational reform, strictly observe discipline, and be role models. We should promptly and resolutely halt any attempts to take advantage of opportunities to seek personnel gain once such actions have been discovered and solemnly deal with relevant persons who violate party discipline, government discipline, and national laws, in order to ensure that the task of organizational reform and administrative streamlining proposed by the 14th party national congress can be completed smoothly.

Expert on Heart Disease, Leaders' Conditions

HK0802094193 Hong Kong MING PAO in Chinese
8 Feb 93 p 2

["Special dispatch" from Guangzhou by staff reporter Lin Tzu-chieh (2651 1311 2212): "A Guangdong Cardiovascularist Comments on Hong Kong Governor's Condition and Reveals That Deng Xiaoping and Yang Shangkun Have Also Been Suffering From Coronary Heart Disease"]

[Text] When asked his opinion of Hong Kong Governor Chris Patten's heart disease, a Guangdong cardiovascularist said: According to the information supplied on

television, the governor's condition was not so serious as to require an immediate operation. On the mainland, drug treatment is normally used for such a condition and has proved quite effective. He said: Experts in this profession have discussed the case in private and said: "Chris Patten is suffering from a political disease, is he not?"

In an interview with our staff reporter, Lin Shuguang, deputy director of the Guangdong provincial angiocardiology research institute, newly elected deputy to the Eighth National People's Congress [NPC], and one-time student in the United States, said: I learned from Hong Kong television about the Hong Kong governor's hospitalization for surgical operation. According to the information supplied on television, Chris Patten suffers from the narrowing of the right coronary artery and gyal branch of his heart vessels. The affected part is not an aorta, so this condition can either be operated on or treated with drugs. It does not really matter whether the operation is done now or a bit later. He said that which treatment is better for such a condition remains controversial in international academic circles, but he has a personal inclination toward drug treatment, because the chance of relapse with operative treatment is higher.

Lin Shuguang also learned about Patten's constitutional reform proposals from television news. He said he had not studied the proposals and therefore was not in a position to comment on them. However, he believed that Chris Patten's choosing this time to have his operation was connected to the stress resulting from the dispute between China and Britain over the constitutional reform issues.

The angiocardiology research institute where Lin Shuguang works is one of the three seats of cooperation between the UN World Health Organization and China in the research and training of preventing and treating cardiovascular troubles (the other two being Beijing Buwai Hospital and Shanghai Angiocardiology Research Institute). Therefore, this institute is quite famous in Mainland China and accommodates many Beijing and Guangdong senior cadres who stay there recuperating on a perennial basis.

It is learned that there is a high incidence [of heart disease] among middle-aged and old people. Many CPC seniors are suffering from various degrees of coronary heart disease, including "chief architect" Deng Xiaoping, though his condition is not serious. President Yang Shangkun was found to have heart trouble while he was working in Guangdong, but his condition is okay at the moment.

Coronary heart disease is the number one killer disease in the West. Lin Shuguang said: In the past 20 years, the incidence of this disease in the mainland has increased and the patients' average age has lowered. He said: Though the causes of the narrowing of heart vessels have not been exhaustively determined, the following factors are believed to contribute to this condition: 1) excessive

psychological stress from work; 2) high-protein and high caloric diet; and 3) excessive intake of calories and smoking. In addition, those who suffer from high blood pressure and diabetes also have a chance of complicated coronary heart disease.

Lin Shuguang said: According to a 180-case study jointly conducted by the institute and a U.S. research institute, the incidence of coronary heart disease is lower in southern China than in northern China. This has to do with southerners' inclination for fish, vegetables, and other light foods.

Lin Shuguang said that in China, the mild coronary heart disease like Chris Patten suffered is normally treated with drugs. He believed that operative treatment shows good adaptability for the following two serious types of coronary heart disease: first, the blocking of the main vessel on the lefthand side, which has a relatively large area of domination and, second, the narrowing of over 75 percent in three or more vessels.

The 43-year-old Lin Shuguang graduated from Zhongshan Medical University in Guangzhou. In the early 1980's, he studied in the United States for two years and later went to Australia as a visiting scholar. At the recent provincial people's congress, he was elected deputy to the Eighth NPC.

He said that he will definitely "make a loud appeal" at the NPC for improving benefits for intellectuals.

Officials Warned on AIDS, Threat to Reform

HK0802110393 Hong Kong AFP in English 0921 GMT 8 Feb 93

[Text] Beijing, Feb 8 (AFP)—The Chinese cabinet met recently to discuss a growing AIDS threat after a report warned that the killer disease threatened to disrupt the country's economic reforms, a newspaper said Monday.

"AIDS is the big enemy of opening and reform (and) we cannot tolerate AIDS obstructing opening and reform," prominent Chinese economist Ma Bin wrote, in a report to the central authorities, the official Health News said.

Opening and reform must continue, Ma added, but not if the price to pay was an explosion of Acquired Immune Deficiency Syndrome.

Ma, an advisor to the cabinet's Development Research Center, suggested implementing a systematic program to fight against AIDS, including stepping up measures against drug abuse, prostitution and pornography.

Premier Li Peng paid great attention to Ma's report and the cabinet met recently to specifically discuss ways to combat AIDS, the newspaper said.

Details of the meeting were not disclosed.

About 1,000 people in China are known to be infected with the AIDS virus, but the problem is expected to be far more severe than reported as drugs and prostitution rapidly spread.

The World Health Organization (WHO) warned in December that the deadly disease would spread to other parts of China along with economic development. China has yet to implement a long-term AIDS control policy.

Book on Building Socialism Slated for Publication

OW0802095093 Beijing XINHUA Domestic Service in Chinese 0235 GMT 7 Feb 93

[By correspondent Deng Guangyuan (6772 1639 3293)]

[Text] Beijing, 7 Feb (XINHUA)—To help people of various nationalities across China further study Comrade Deng Xiaoping's theories on building socialism with Chinese characteristics, the Shenzhen Haitian Publishing House is editing for publication a new book entitled *A Treasured Collection of Theories on Socialism with Chinese Characteristics* [zhong guo te se de she hui zhu yi li lun bao ku 0022 0948 3676 5331 4104 4357 2585 0031 5030 3810 6158 1405 1655], which systematically expounds contemporary China's Marxist theories. The book will be available to the broad masses soon.

The book has some 3.5 million characters and is separated into two parts. The first part summarizes the theories on socialism with Chinese characteristics, principally making a systematic exposition of the historic development, basic contents, and historic position of socialist theories with Chinese characteristics. The second part has selected relevant discussions and commentaries from central documents; from the works of major members of the second generation of leadership, with Comrade Deng Xiaoping as the core; and from the works of major members of the third generation of leadership, with Comrade Jiang Zemin as the core. These materials have been edited under separate groups and categories to comprehensively reflect the position of the theories on building socialism with Chinese characteristics in the overall picture.

Supervising the editing are Feng Wenbin, former vice president of the CPC Central Party School, and Yang Guanghui, director of the Shenzhen City party committee propaganda department. Other compilation workers include nearly 100 experts and scholars from units such as the Central Party School, the Central Party History Research Center, and Beijing University.

'Close Aide' of Zhao Scores Comeback in Business

HK0802103593 Hong Kong SOUTH CHINA MORNING POST in English 8 Feb 93 p 1

[By Willy Wo-lap Lam]

[Text] A close aide of former Chinese Communist Party chief Mr Zhao Ziyang has scored a comeback as the head of a major corporation dealing in property.

Mr Rui Xingwen, a former party chief of Shanghai, will soon set up a semi-official company with at least 10 million yuan (HK\$13.39 million [Hong Kong dollars]) of investment from the State Planning Commission (SPC), according to informed sources.

A right-hand man of Mr Zhao's, Mr Rui, who was also a member of the policy-setting Central Committee Secretariat, lost all his positions after the Tiananmen Square crackdown.

In mid-1991, Mr Rui, together with such other Zhao aides as Mr Hu Qili, was "partially rehabilitated" when they were given "honorary" government positions. Mr Rui was made a vice-minister of the SPC, and Mr Hu, a former politburo member, a vice-minister of machine-building and electronics.

However, it is understood that especially with the reduction of the responsibilities of the SPC, Mr Rui has not assumed a significant portfolio.

Sources close to Mr Rui, 65, said with his good connections in both Beijing and Shanghai and his retention of the vice-ministership for some time, he could turn his economic clout into political influence.

"Rui Xingwen will recruit a large number of former advisers to Zhao, many of whom have since June 1989 abandoned officialdom for business," a source said. "Such a grouping could one day launch a comeback to political power."

Meanwhile, there is talk in diplomatic circles in Beijing that Mr Hu might also make a comeback. Diplomatic sources said the Ministry of Machine-Building and Electronics Industries, which was set up in 1988, might split into two. Mr Hu, a graduate in mechanical engineering from Beijing University, is mentioned as a front-runner to head one of the new ministries.

At the 14th party congress last October, Mr Hu, 63, retained his membership in the Central Committee. Mr Hu has also been active as head of the Leading Group on Electronics Industry in Shanghai.

Military

Army Reportedly Saved Deng's Reforms

OW0802102093 Tokyo KYODO in English 0956 GMT
8 Feb 93

[Text] Beijing, Feb. 8 KYODO—Chinese patriarch Deng Xiaoping stuck his political neck out in June 1989 during a crisis meeting with top Army generals to safeguard his precious economic reform program from dissenting opponents, an official newspaper has revealed.

Deng urged the generals to support his reforms at a time when some political leaders had labeled "market economics" one of the three pillars of capitalist freedom which had to be expunged together with "political democratization" and "multiplicity of thought," the NEWS DIGEST said.

In its current edition, the Shanghai-based paper says Deng stood alone in defending the need for a socialist market economy.

"Amid all the wind and the rain, there was one clear-headed and brave old man, namely the principal architect of reform and openness, Deng Xiaoping," the paper said.

Although the report does not give names, it implies that other senior leaders opposed Deng's reform plans, forcing him to seek military support in order to survive.

Deng put his case to the military leaders on June 9, just five days after troops killed hundreds of unarmed democracy protesters on his orders in and around Tiananmen Square.

"We must stick with a blend of planned economics and market economics," the paper quoted Deng as telling the generals. "This must not change."

But when Deng's words were made public on July 10, the words "market economics" had been altered to read "market adjustment," the paper said. This subtle change of wording was then standardized, marking an explicit departure from market economics.

The paper does not say why the wording was changed or who might have been behind the alteration, but accuses unnamed leaders of opposing Deng's line.

"After the 1989 political turmoil, certain theoreticians and politicians severely criticized 'market economics'...but Deng Xiaoping stood firm," the NEWS DIGEST said.

Given that Deng has been in Shanghai for several weeks, analysts say his staff may be behind the revelations which may be aimed at his conservative rival Chen Yun, whose power base is also in Shanghai.

The article also credits current Communist Party General Secretary Jiang Zemin with offering Deng solid support on the subject.

During a visit to the Central Party School in June 1992, Jiang said he preferred the wording, "a socialist market economy system," the paper said.

Deng himself continued to reaffirm the importance of market economics until it was enshrined as political lore at the 14th Communist Party Congress in October 1992, it said.

Reshuffle of Yang Baibing Followers Predicted

HK0702071093 Hong Kong MING PAO in Chinese
7 Feb 93 p 24

["Newsletter from Beijing" by MING PAO special correspondent Hsu Chao-lin (6079 0340 7792): "Major Reshuffle of Military Officers at Division and Army Levels Will Be Launched To Purge Yang Baibing's Followers"]

[Text] Recently, CPC General Secretary Jiang Zemin, in the capacity of Military Commission chairman, urged the Central Military Commission and the People's Liberation Army [PLA] General Political Department to work out a plan by the end of March to reshuffle all military officers at the division and army levels. The reshuffle of military cadres at these levels will be carried out immediately after the plan's approval. This is another major CPC military reshuffle following the reshuffle of senior military officers in various military regions at the end of last year, and the aim is to completely root out the "influence" of Yang Baibing, former secretary general of the Central Military Commission and former director the PLA General Political Department.

It was alleged that Jiang Zemin forwarded this demand at an enlarged Central Military Commission session. Sources said that Jiang Zemin, chairman of the Central Military Commission, was determined to ask for a reshuffle of military officers at the division and army levels as early as possible and that he deemed a "big action" inevitable.

On the other hand, the reshuffle of major leading cadres in various arms and services headquarters, and in various major military regions was completed by the Spring Festival, and some of the senior military officials selected and controlled by Yang Baibing were relieved of their original posts. They now are scattered over various areas and take up unimportant posts.

It was alleged that the reshuffle of various arms and services headquarters, and of various major military regions was basically smooth, thus prompting the new Central Military Commission to decide to keep reshuffling military officers at the division and army levels.

Regarding the background of this major reshuffle of military officers at the division and army levels, the sources said: After taking up the posts of secretary general of the Military Commission and of director of the PLA General Political Department, Yang Baibing held power over army personnel, particularly the big power of transferring military officers at the division and army levels to other localities. With this power, Yang Baibing soon led army personnel officials to go to various group armies and various important independent units at the division and army levels to inspect, select, and appoint "groups" of leading military cadres at the two levels one by one. Hence, at present, leading cadres of the group armies and of these important

independent units at the division and army levels are basically people personally selected by Yang Baibing.

The sources pointed out, in particular, that the major reshuffle at the division and army levels this time will have a certain difficulty, because an overwhelming majority of military officers at the division and army levels personally selected by Yang Baibing are young, competent, and were promoted not long ago. Nevertheless, Jiang Zemin and the new leading group of the Central Military Commission still hold that it is necessary to reshuffle them so as to completely eliminate Yang Baibing's "influence."

It was alleged that since being urged to work out the plan of reshuffling cadres at the division and army levels by the end of next month, the PLA General Political Department, which is directly responsible of appointing army cadres, has no time to go to units at lower levels to inspect the real situation. At present, the department can only call in, in a hurry, the roll and personnel files of various group armies and of military officers at the division and army levels, and make decisions on this basis.

At present, the new Central Military Commission has divided up its work: Zhang Zhen is in charge of army organization and personnel; whereas in the General Political Department, Wang Ruilin, former director of Deng Xiaoping's Military Commission Chairman Office, is in charge of the concrete appointment of military officers. Wang Ruilin is the incumbent deputy director of the General Political Department.

The sources also said that in the major reshuffle at the division and army levels, not much importance will be attached to the age and competence of military officers to be promoted. The major criteria will be their "obedience to the party," their compliance with the command of the Central Military Commission, and their sedate character. Since a large number of young military officers have been appointed by Yang Baibing, it is very difficult to select replacements from young military officers. Thus, many retired veteran military officers have been invited to take up leading military posts again. For example, Zhang Zhen invited the incumbent commander of the Hebei Provincial Military District to take up his current post after two years of retirement; whereas Jiang Zemin also appointed Ba Zhongyuan, the incumbent commander of the Armed Police, after he had retired.

Liu Huaqing and Zhang Zhen play a role in helping Jiang Zemin carry out the present reshuffle in the Army. It was alleged that before they assumed power, Deng Xiaoping had specially spoken with them and unequivocally pointed out: "This time you are playing a transitional role, and you must pave the way for Military Commission Chairman Jiang Zemin (in the Army)." The sources stressed that Zhang Zhen was promoted because he was regarded by Deng Xiaoping as having the courage to deal with Yang Baibing.

Military Industry Seeks International Cooperation
*HK0802052993 Beijing RENMIN RIBAO OVERSEAS
EDITION in Chinese 8 Feb 93 p 2*

[By Liu Litian (0491 7787 1131): "Military Industrial Enterprises Strengthen International Cooperation"]

[Text] To speed up its structural adjustment and transfer to the market economy, China will boldly try to introduce foreign capital, advanced technology, and equipment by various means for its national defense science, technology, and industry; and will strengthen "military-civilian integration" in international cooperation. This is a new step taken by China to expand the scope of opening up and speed up national economic development at a high technological level.

It has been over 10 years since China took the path of "ensuring the military, transferring to civilian, and military-civilian integration" in its national defense science, technology, and industry. Profound changes have occurred in the concept of national defense science, technology, and industry, and about its production structure, product mix, and technological structure. A large number of military industrial enterprises with solid technological strengths have made world renown achievements in promoting national economic development and have produced a number of competitive products in domestic and international markets. In 1992, the output value of civilian products manufactured by China's military industrial enterprises accounted for 70 percent of their total output value, and their economic results improved steadily. Because China's national defense science, technology, and industry have injected new vitality into the country's modernization, foreign entrepreneurs, academics, and experts attending a recent seminar in Stamford, the United States, on transferring military products for civilian use spoke highly of China's achievements in "transferring military products for civilian use." Some relevant people said that the transition from national defense science, technology, and industry to the market economy is an historic, profound revolution, during which there should be a sense of urgency, bold experiments, down-to-earth work, and vigorous support and cooperation from various sectors in society, but there should not be overanxiety for quick results. From now on, China will continue to optimize its national defense science, technology, and industry, to strengthen its technology transformation and to develop and produce more hi-tech products.

Jinan Military Region Holds Party Session
*SK0502060893 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 4 Feb 93*

[Text] The 11th enlarged plenary session of the sixth party committee of the Jinan Military Region was held in Jinan recently. Last year's work was summarized, and this year's tasks were arranged at the session. The session participants emphasized that guided by the guidelines of the 14th CPC Congress and Comrade Deng Xiaoping's

thoughts on building the Army in the new period, we should keep long-term plans in view when laying a foundation, make active efforts to achieve development, accomplish the work in all fields with high standards and high quality, and improve the Army's combat strength in an all-around manner.

Song Qingwei, party committee secretary and political commissar of the Jinan Military Region, gave a work report on behalf of the party committee of the military region. Zhang Taiheng, party committee deputy secretary and commander of the Jinan Military Region, gave a speech. Attending were Standing Committee members of the party committee of the military region, including Yan Zhuo, Dong Xuelin, Qu Jining, Cai Renshan, Yang Quoping, Jiang Futang, and Hao Baoqing.

The session participants agreed: In the past year, all the units of the military region united as one to work hard and accomplished in an even better way the various tasks focusing on educational training. They made new headway in Army building, and their officers and men became more conscious and steadfast in implementing the party's basic line. They upgraded the military quality to a new level, improved the leading bodies of the party committees at all levels, strengthened the building of the grass-roots levels, and achieved notable results in its logistic work and production.

The session participants emphasized: In the new year, all the units of the military region should strive to improve Army building to a new level to meet the general requirement for being politically qualified, militarily competent, good in work styles, strict in observing discipline, and reliable in providing logistical support as set forth by Jiang Zemin, chairman of the Central Military Commission. They should achieve success in the political and theoretical education focusing on the guidelines of the 14th CPC Congress, lead their officers and men to deepen their understanding of the theory of building socialism with Chinese characteristics, further emancipate the mind, update their ideas, and take the initiative in unswervingly implementing the party's basic line and various principles and policies.

The session participants urged: Great efforts should be made to carry out war preparedness and military training; to intensify the education on the current situation, tasks, and our Army's basic functions; and to enable the Army to enhance the sense of war preparedness and to firmly embrace the idea of a fighting force. Proceeding from reality, we should train the Army strictly with difficult tasks to improve its military quality. We should greatly strengthen political work in the training to boost the enthusiasm of the officers and men for training. We should further strengthen management of the Army, step up efforts to improve party committees and leading bodies at all levels, and restore and carry forward the party's fine traditions. We should continue efforts to improve the grass-roots building, launch extensive activities to become more compact and efficient and to cherish the people, and train personnel

for both military and civilian use. We should continue efforts in logistical support and production to meet the need for the socialist market economy; attach importance to the militia and reserve forces work, the double support work, and the work to build civilized units together with local people; and forge closer Army-government and Army-civilian ties.

Former Lanzhou Deputy Commander Dies

HK0802035493 Beijing XINHUA Domestic Service in Chinese 0440 GMT 6 Feb 93

[Text] Lanzhou, 6 Feb (XINHUA)—Comrade Li Shumao, former deputy commander of the Lanzhou Military Region, died in Lanzhou on 17 January at the age of 79.

Comrade Li Shumao joined the Communist Youth League of China in 1930, joined the Red Army of the Chinese Workers and Peasants in 1931, and joined the CPC in 1932. During the Agrarian Revolution, he successively took the posts of deputy team leader, deputy company commander, section member, staff officer, and battalion commander, took part in the "antiencirclement" campaigns in the Western Hunan-Hubei Revolutionary Base and the Hunan-Hubei-Sichuan Revolutionary Base, and participated in the Long March. During the War of Resistance Against Japan, he was the chief of staff of a regiment; held other offices; and participated in the battles of Yanmenguan, Qihui, Heima, and Chen Zhuang. During the Liberation War, he took the posts of brigade chief of staff, division chief of staff, and deputy division commander; and participated in the campaigns in Northern Shaanxi, Yichuan, Fumei, and Eastern Gansu, as well as the campaign of liberating Qinghai. He performed major feats for the liberation of the motherland. After the founding of the PRC, he took the posts of deputy commander of the Qinghai Provincial Military District, chief of staff, and deputy commander of the Lanzhou Military Region. He made major contributions to the revolutionization, modernization, and regularization of the Army as well as to the cause of defending and building China's vast northwest region.

Comrade Li Shumao was an alternate member of the Ninth CPC Central Committee and took the military rank of major general in 1955.

Comrade Li Shumao had strong party spirit and a high sense of discipline. He resolutely supported the party's line, principles, and policies after the Third Plenary Session of the 11th CPC Central Committee and maintained a high degree of ideological and political uniformity with the party Central Committee. He always set great store by the party's cause, maintained the spirit of seeking truth from facts and daring to carry out criticism and self-criticism, and served the people wholeheartedly without giving thought to his personal gain or loss. He maintained decent style of living, honestly performed his official duties, united other comrades, adhered to principles, worked diligently, was devoted to his duty, was

willing to shoulder heavy loads, and always kept the true colors of an old party member and an old revolutionary soldier.

Economic & Agricultural

Surplus Laborers Pose 'Major Problem' to Reform

OW0702152393 Beijing XINHUA in English
1448 GMT 7 Feb 93

[Text] Nanjing, February 7 (XINHUA)—China is facing a great challenge in providing jobs to more than 10 million surplus laborers shed by state-owned enterprises as a result of the implementation of a series of policies aimed at improving the economic performances of state-owned enterprises.

According to a recent survey, there are about 17 million workers rendered redundant as the reform of enterprises deepens. The state enterprises are able to provide jobs to 7.32 million at most. All the rest will have to be left to the society.

This huge amount of surplus labor has become a major problem in further deepening of reforms.

The survey of 200 large and medium-sized state enterprises in nine cities including Nanjing, Shanghai and Shenyang showed that about 10 percent of the labor force are redundant in normal production and, if enterprises are given full autonomy, the number of redundant workers would come to 15 percent.

The survey showed that the enterprises have made great efforts to provide new jobs to the surplus labor by organizing construction teams and collective enterprises and by running training classes to prepare them for other jobs. Some of the workers are allowed to find jobs themselves and run their own businesses.

The survey also showed that 84.4 percent of the surplus laborers in these enterprises have been placed in new jobs by the enterprises themselves.

Renminbi Exchange Rate Continues To Decline

HK0802063393 Hong Kong WEN WEI PO in Chinese
5 Feb 93 p 2

[Dispatch from Beijing: "Renminbi Exchange Rate Continues To Drop and Will Eventually Follow Floating Exchange Rate System"]

[Text] Beijing, 4 Feb (WEN WEI PO)—Sources here say: With the restructuring of China's foreign trade and the evolution of an export-oriented economy, the government will more flexibly use exchange rate as a lever to regulate economic operation. At present, dropping the exchange rate of renminbi has become the trend of the times. It was alleged that the Chinese Government will work through the reform of the renminbi exchange rate to eventually follow a floating exchange rate system.

From early 1993, the prices in the foreign exchange market in Beijing have been soaring. In the first day of transactions on 5 January, a total of \$6.31 million was concluded, and the highest exchange rate of the U.S. dollar to the renminbi was up to 1:8.8, whereas the average rate was 1:8.39. According to the official foreign exchange rate published by the State Administration of Exchange Control on 25 December 1992, \$1 could also be changed into 5.76 yuan.

Since China started implementing a system of a regulated floating rate from April, 1991, the market factor in regulating foreign exchange has greatly increased, and the exchange rate of renminbi has dropped 10 percent or so in total.

The Chinese Government asserted long ago that the readjustment of the exchange rate of renminbi would be accomplished step by step. In fact, the government has been making efforts quietly to readjust the exchange rate on a small scale, which reflects its intention to resolutely draw close the official exchange rate to the market exchange rate.

The readjustment of renminbi has become a hot topic in economic circles at present, and, as a result, prices in various large foreign exchange markets in the country are soaring, whereas a trend of sharp price increase has appeared in the black market. According to the news spread from the foreign exchange markets, the electronics and telecommunications industries as well as foreign enterprises have begun to hoard foreign currencies. In particular, since it has been rumored recently in overseas newspapers that the renminbi will depreciate rapidly and that \$1 will change into 15 yuan, enterprises in China are more and more in a panic, thus causing the rate of foreign currencies to renminbi to incessantly soar.

According to analysts, there are many reasons accounting for a drop in the exchange rate of renminbi; as far as the conversion of renminbi is concerned, a single-track system will be implemented to eventually realize a free conversion of renminbi. This is a goal of restructuring China's foreign exchange administration. But since the current official exchange rate of renminbi is higher than the real market exchange rate, a drop of the official exchange rate of renminbi is an inevitable outcome of reform.

At present, due to continuous growth of China's foreign trade and rapid economic development, there is a rapid increase in the utilization of foreign exchange, which also promotes potential inflationary pressure. All these factors have objectively caused a drop in the exchange rate of renminbi.

There is another important factor, that is, China will reenter GATT soon. After reentering GATT, China will lift restrictions on foreign trade, open up its market, and greatly reduce tariffs. As a result, the Chinese nation will be confronted with challenges and shocks. Moreover, a drop in the exchange rate of renminbi not only can curb imports but also protect domestic industries.

According to a calculation, if the exchange rate of the U.S. dollar to the renminbi is marked at \$1 to 6.5 yuan, it will be equal to levying 20 percent additional tariffs.

The macroscopic regulation of a government's monetary policy decisively affects the exchange rate and holds the initiative in arriving at a relatively stable exchange rate.

Experts agree that viewed from the present international economic circumstances, a huge drop in the exchange rate of renminbi will never occur. China is shifting to a unitary exchange rate; a gradual process of small drops in the exchange rate of renminbi will not have much effect on the common people's living but can prevent any unnecessary shock for the national economy.

Limited Foreign Ownership of Retail Outlets Allowed

HK0502130593 Guangzhou NANFANG RIBAO in Chinese 18 Jan 93 p 7

[By Zhou Xiaowu (0719 1420 2976): "Commerce Minister Hu Ping Discloses That Foreign Businessmen Are Allowed To Run Retail Joint Ventures in Guangzhou and Other Areas"]

[Text] "Foreign businessmen can now run retail joint ventures in 11 areas of China," Commerce Minister Hu Ping told this reporter in Shenzhen on 11 January.

Hu Ping attended the opening ceremony of the Foreign-Invested Enterprise Product Fair, which was organized by the Hong Kong Trade Development Council and others. Afterward, he answered questions raised by this reporter on the operation of foreign retail joint ventures in China. He said that the consumption level of some areas in China is quite high at present. In Dalian, he saw several watches, each priced at over 200,000 yuan, sold in a shopping arcade, and in Beijing, quite a number of people showed their interest in furniture sets priced at over 60,000 yuan. Last year, nationwide retail turnover reached 1.08 trillion yuan, an increase of 15 percent over the previous year. In view of these factors, the state allows foreign businessmen to run retail joint ventures in areas where the market system is more mature, including Beijing, Tianjin, Shanghai, Guangzhou, Dalian, Qingdao, and the five special economic zones.

Talking about the issue of retail enterprises solely invested by foreign businessmen, Hu Ping said that at present, the state still needs to impose proper controls. But as the market system matures, the state will lift restrictions on the policy step by step. He said that as far as retail enterprise solely invested by foreign businessmen are concerned, one now operates in Beijing, the other one is in Shanghai, and two more are in Tianjin, whereas two such enterprises will soon be authorized to start operations in Qingdao.

MOFERT Official on Attracting Foreign Loans*HK0702091293 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 7-13 Feb 93 p 1*

[Report by Chang Weimin: "Blitz on To Attract More Loans"]

[Text] China saw a record influx of foreign government loans in 1992 and expects even more in the future to fund the rapid growth of the economy.

Governments of some 20 countries are expected to continue to lend money to China—and new financing sources are opening up.

Lu Zhen, director general of the Foreign Financing Administration of the Ministry of Foreign Economic Relations and Trade (Mofert), described the reforms and opening up policy as proof of China's determination to merge its economy with the global economy.

Lu said China, which expects its gross national product to grow at a rate of 8 to 9 percent this year, will make efforts to open channels for other foreign loans in the future.

More funds are needed this year for the implementation of the Eighth Five-Year Plan (1991-95), he said.

Special loans are expected from foreign governments to fund chemical and machinery projects.

Lu revealed that Holland, which has set aside loans to help develop China's environmental protection, is likely to okay the loan.

Lu, in an interview with Business Weekly, said China has enough foreign exchange reserves to service its foreign debt.

Business Weekly has learned that China's foreign debt service ratio was only 10 percent of its export earnings, much less than the internationally-accepted ratio of 20 percent.

In 1992, China signed agreements for \$5.3 billion in foreign government loans, an all-time high since 1979, when the country resumed borrowing from abroad.

Between 1979 and the end of 1992, more than 20 governments promised soft loans to China totalling \$29.4 billion. Agreements for \$23.5 billion were signed.

During that period, contracts for \$19.8 billion were signed. A total of 1,062 projects were launched with the loans.

In 1992 alone, China earned \$85 billion in foreign exchange from exports, compared with \$80.6 billion spent on imports.

The countries that signed agreements that year to give government loans to China included Japan, Germany, Russia, Austria, Australia, Kuwait, Italy, Sweden, Finland, Belgium, Holland, Canada and France.

According to agreements signed with Japan, \$1.1 billion in government loans were to be used for construction of power stations, harbours, roads and bridges, and telecommunications lines.

Russian government loans are being used for the construction of a \$2.5-billion nuclear plant in China's Liaoning Province.

According to the agreements, China will buy technology and equipment for the nuclear plant from Russia and repay the loan with products such as food, textiles, consumer appliances, machinery and electronics.

Government loans signed in 1992 include \$110 million from Germany, \$200 million from Australia, \$200 million from Sweden, \$120 million from Kuwait and \$88 million from Austria.

Commission Reduces Tariffs on 3,371 Commodities*OW0602212993 Beijing XINHUA in English 1614 GMT 6 Feb 93*

[Text] Beijing, February 6 (XINHUA)—The Tariff Policy Commission of the State Council has cut import tariffs on 3,371 commodities including 202 items of machinery, according to the Ministry of Machinery and Electronics Industry.

The average tariff on machinery under direct control of the Ministry consisting of electrical equipment, heavy mining machinery, general-purpose petro-chemical equipment, engineering and farm machinery, meters and instruments, basic parts of machinery and machine tools was reduced to 26.3 percent from 28.1 percent. The output of machinery accounts for 27 percent of the total machinery products of the ministry.

The tariff on instamatic cameras dropped from 80 percent to five percent while that of the other cameras was cut from 80 percent to 50 percent. The tariff on drum photocopiers was reduced from 50 percent to 20 percent.

Other products on which tariffs were sharply reduced include some electronic meters and instruments, generators and machine tools.

Ship Exports Account for Half of National Output*OW0502151693 Beijing XINHUA in English 1436 GMT 5 Feb 93*

[Text] Beijing, February 5 (XINHUA)—China exported 590,000 tons of ships in 1992, accounting for over half the total national ship-building output.

China is also one of the three countries with the biggest orders at hand.

China exported only 160,000 tons of ships in the 30 years prior to 1979.

Since 1980 China has imported equipment and technology to upgrade its shipbuilding industry and increase its export capacity. The ship export value has grown by 20 percent each year in the last 12 years.

China has also expanded its ship repair and breaking capacities. In 1992 China repaired 238 foreign ships, earning 74 million U.S. dollars.

Reform of Oil, Electricity Pricing Planned

HK0502130993 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0827 GMT 4 Feb 93

[Text] Beijing, 4 Feb (ZHONGGUO TONGXUN SHE)—According to China's Ministry of Energy, a plan to reform energy prices in 1993 has been worked out and will be made public soon.

Relevant officials in the Ministry of Energy said that energy prices in China continue to be too low, and this has constrained development of the energy industry. Price reform is necessary in this field. At the same time, if China restores its status as a signatory party to GATT, but coal, electricity, and oil prices are not adjusted reasonably, the situation will be extremely unfavorable to the participation of Chinese products in international competition.

According to the price reform plan, no national meeting to place orders will be held this year for coal, and state orders for 1992 will be carried out again in 1993. Coal prices will be further decontrolled so that enterprises can stride into the market. The mandatory coal production targets laid down by the state will be reduced by about 150 million tonnes from this year on. If there are favorable economic conditions, coal prices will be completely decontrolled by 1995.

In the aspect of electricity, in recent years the construction of power production facilities has been conducted through diverse channels, and this changed the investment structure in the power industry. At present, with the exception of projects with investment from the central government, new power plants built with investment from other channels are all operating in good conditions and have the ability to repay loans and yield returns. Therefore, the department concerned is intensively studying ways to enable power plants invested in by the central government to have the same ability to yield returns through improving the adjustment mechanism for power charges. Thus, the power industry will be able to operate in the market.

For oil, the general tendency of China's oil price reform is to move oil prices closer to international levels. Although price adjustments have been made in the past, oil prices in China are still much lower than the international level. It has been learned that China has decided to raise the price of oil produced by 14 small and medium oil fields in Dagang and Xinjiang from 519 yuan per tonne to 700 yuan per tonne in one move, thus bringing the oil price closer to international levels.

Forecasters View Economic Situation in 1993

HK0602011693 Beijing JINGJI RIBAO in Chinese
9 Jan 93 pp 1, 3

[Interview with Lai Guangxian (0171 0342 6343), director of the Forecasting Department of the State Economic Information Center; Liu Guoguang, vice president of the Chinese Academy of Social Sciences; Ma Bin, adviser to the State Council Development Research Center; and Wei Jie (7614 2638), professor at the Chinese People's University, by staff reporter Yang Xiaolin (2799 2556 2651); place and date not given: "Four Experts Comment on Economic Prospects This Year"; first two paragraphs are JINGJI RIBAO editor's note]

[Text] China's economy has steered into the fast lane of rapid growth. This is gratifying and should be affirmed. However, how much longer can this momentum of rapid growth be maintained? Are current operations "overheated"? Is it necessary to "heat up" or "cool down" in the new year? This is a topic that has caught much attention. At the turn of the year, this reporter interviewed some economic personalities who expressed their views. Different people had different views. Though their conclusions differ, these experts all have reasons for what they say. We believe that our readers will be able to draw inspiration from the confrontation of different ideas.

To maintain momentum in the fast and effective development of the national economy, we must explore and respond in practice in a better way.

[Lai Guangxian] In order to make a relatively comprehensive and accurate judgment of the tendency of our country's economic development in 1993, we should first make an objective assessment of the economic situation in 1992. What is known as economic overheating is in essence an undue expansion of demand. Last year, though our economy was operating at extra high speed, the undue expansion of demand and serious inflation that people were worried about did not happen. The reason was that, from the perspective of demand, the significant inadequacy of consumption demand was indisputable compared to supply last year, and the demand for investment was also normal according to an analysis of total demand and total supply. On the other hand, the fact that demand for exported consumer goods grew quite fast while imports of the means of production accelerated was also conducive to improving supply-demand relations.

Now let us look at price increases. In 1992, the increase in the cost of living for urban residents and the overall index of producer prices was about 10 to 11 percent. The main reason for such relatively big increases was that pricing reforms had taken effect and a large proportion of price increases were triggered by price readjustments. However, one should be aware that after the prices of 70 percent of the means of production are decontrolled, prices of some production means could match the going prices on the international market. This helps enterprises

take part in international competition and, with the future lowering of import tariffs, any further increases in prices will predictably be restricted. There are signs that price hikes for production means have slowed down and supply and demand is becoming more stable. This is why serious inflation did not happen.

Besides, in 1992, because of the utilization of large amounts of foreign capital, the absorption of foreign investments in wholly or partially foreign-funded enterprises, nearly 100,000 of which were newly registered in the year, and the big increase in money trade volume effected by the development of tertiary industry and the enlivening of circulation, created new demands on investments in fixed assets, the scale of credit, and the money supply. Therefore, the problem of "issuing currency beyond the economy," which people were worried about, was not that serious in actuality.

With the above analysis of these focal issues concerning economic operations in 1992, the results of forecasts made by various approaches indicate that the GNP growth rate in 1993 may show one of the following three possibilities: The first possibility is that, if macroeconomic regulation and control is effective and there is no major negative shock from the international economic environment, economic growth will reach around 10 percent. If problems arise, there will be a big fall in the second half of the year and the growth rate is estimated to be around 9 percent. This could even drop to 8 percent. However, what should be pointed out here is that the estimated 12 percent growth rate in 1992 was achieved on the basis of 7.7 percent growth in the previous year. Therefore, even if the economy grows by merely 8 percent over the big base figure in 1992, this still means a rather high rate of development.

The momentum of economic development in 1992 was fine. Nevertheless, though there were no major problems, some hidden problems were found in economic operations, which need to be thoroughly remedied through reform. The crux here is not to set targets, but to create, from a rudimentary level, conditions for fast economic growth restricted by the market and showing economic efficiency so as to enable our economy to scale new heights without much difficulty.

[Liu Guoguang] Economic growth in China in 1992 exceeded the 11.3 percent growth of 1988, the year of economic overheating. We do not have to make a big fuss out of a high-rate boost which has just arrived and try to curb it immediately. Overheating in 1988 was based on the rapid growth of a few consecutive years and reached a peak at the high tide. The 12 percent growth forecast for 1992 is based on the relatively slow growth of the previous years, when economic readjustments were going on, and was therefore in the ascendant of the economic cycle. This phase will continue until the end of this year and then a fall in the growth rate is predicted for 1994. If the international economic environment deteriorates, it may, by a rough estimate, bring GNP growth down by one to two percentage points. However, the

impact of GATT membership on China's economy will not manifest itself until 1994.

Nevertheless, high-rate economic growth has also brought some conflicts and latent in it are some signs suggesting future overheating. We must not treat these lightly. Problems in existence at present are as follows. First, the financial situation is tightening. It is estimated that growth in the money supply and cash in the market calculated at the end of last year in comparison with that of the previous year exceeded the sum of the economic growth rate and rate of price increases. Second, overheating was seen in the blind commencement of projects, especially development zone projects. Third, structural conflicts were more outstanding. If these problems are left to run their course, it is thought that the balance of total supply and total demand in the market could be disrupted and inflation could go beyond residents tolerance in the second half of this year or the first half of next year, inevitably causing another strong cyclical fluctuation. Therefore, since the fast growth at present is basically still quite normal, in time we should conduct macro fine-tuning and curb any excess growth in investment and the money supply in particular. In 1993, macroeconomic regulation and control should aim at targets of around 11 percent for GNP growth, less than 20 percent net growth in fixed assets investment nationally, and 16 to 17 percent growth in total industrial output value. Only in this way can we avoid breaking targets and ease the mounting pressure from resource restrictions.

[Ma Bin] Economic development can be compared to an "untamed horse," i.e., the more fiery its disposition, the more difficult it is for the rider to dismount after mounting. As far as investment in fixed assets, the scale of credit, expansion of the money supply, and shortages of energy and transportation are concerned, it is justifiable to think that the current state of national economic operation is abnormal. Though the "Great Leap Forward" and "1988 double expansion" cannot possibly be repeated in exactly the same way, a new process of "big mess, big shortage, big supply, big price increases... and big readjustment" with a new form and contents has actually begun. Though it is only the beginning, any process or cycle of economic development has a natural consistency and continuity. Therefore, what is important at the moment is how to control this powerful, fiery horse, guard against an overanxiety for quick results and impetuosity, and bring about a healthy tendency in economic development.

Giving directives will not help prevent economic overheating, and persuasion does not work very well either. The only approach is to adopt some forms of macroeconomic regulation and control, such as financial levers. Nowadays, leading cadres are busy with microeconomic issues while ordinary cadres take care of macroeconomic issues; those in charge of balancing do not make decisions and those who make decisions do not take charge of balancing. We must speed up reform of the central banking system and truly turn central banks, which are

currently under the jurisdiction of governments at all levels, into central banks that are only governed by the central authorities, have the reins in their hands, and have authority. They will no longer engage in commercial banking business and will only control the scale of credit and the total amount and increase in the money supply by means of regulation and control. Otherwise, it will be very difficult to avoid micromarket economic operations. In the meantime, it is also necessary to reinforce the system of budgeting and final accounting. The finance minister should "bring a knife with him," not to impose uniformity by cutting flesh, but to cut off surpluses to make up for shortages. The state should see to it that three punitive measures be formulated for handling those who steal state property, sabotage natural resources, or infringe upon people's rights and interests, and bring to justice those involved in serious cases.

Besides, according to an analysis using an existing model of the macroeconomic situation, some people conclude that total demand is lower than total supply and some find that the price index is not very high. Therefore, they claim that there are no grounds to fear inflation and believe that the issuance of currency and investment can be expanded. In fact, for the case of total demand being lower than total supply, growth in stockpiles of finished products has been factored into total supply and the fact that the industrial growth rate is higher than the increase in commodity sales volume is used in an attempt to prove that goods are present in large quantities but there is not enough money to purchase them. In the case of the low price index, they believe that a low price index (approximately 3.5 percent) in rural areas, in contrast to the high price index (approximately 11 percent) in big cities makes life easier for peasants and could in the meantime relieve a high national price index, with the national average weighted index only about 6.5 percent. Yet, they hardly realize that when peasants cannot sell their grain, they will have low incomes and low purchasing power and this will inevitably cause sluggish sales of industrial products. On the other hand, continuously making additional investments in processing industry is nothing short of "adding fuel to the fire." Therefore, it is true that "panic purchasing" is nothing to be frightened of, because the peasants do not have much money, but cases of "grabbing things" along railway lines have increased, which is more worrying. Therefore, in analyzing the situation using the model, one should not only look at the quantitative balance of total supply and total demand. Given that the total amount is four, it may either be the sum of two and two or the sum of three and one. Additional qualitative and structural analyses are necessary.

[Wei Jie] As far as the current situation is concerned, because of the mismatch in the level of consumption demand with the structures of production and supply, residents consumption has not formed a new hot spot. Because prices of the new "three major pieces of personal belongings," namely, private cars, houses, and communication facilities, are too high, the savings of

ordinary residents have been funneled into investments, hence the rising stock rush and property speculation. Today, the whole property industry is showing a tendency toward blind development to the neglect of total demands in society. Property investment in Hainan is extremely hot, but residential houses become unsalable after completion. Property in Beijing and Shanghai may have a market, but most of the purchases are to satisfy financial needs, rather than for personal consumption. This may seemingly cause economic expansion, but because of inadequate real demand we predict that an excessive cooling down of the economy will appear very soon in the first half of this year.

The main cause of this possible downward tendency in the operation of the economy comes from the system. Compared with the "four little dragons" of Asia, what we need to resolve is not just the problem of slow speed. In the future, we should commercialize the all contents of residents' lives as soon as possible. Otherwise, though we make large investments, the products turned out do not become commodities but become financial burdens. If this happens, support from final consumption demand will not be easily established. Merely seeking high speed before the system has been transformed will cause distortion.

'Sustained Development' Seen

HK0802071693 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 3, 18 Jan 93 pp 3-4

[Article by Xu Yaozhong (1776 5069 0022): "This Year Will See Sustained Development in China's National Economy—Interviewing Wang Zhongyu, Deputy Director of State Council's Economic and Trade Office"]

[Text] On the eve of the Chinese New Year, Wang Zhongyu, deputy director of the State Council's Economic and Trade Office, was interviewed by a staff reporter. This official in charge who works on the forefront of macroeconomic coordination talked freely about his appraisal of China's national economic development in 1992 and the prospects for a sustained national economic development in 1993.

China's Economy Can Continue to Grow at a Fairly High Speed in 1993

Wang Zhongyu said: Being the first year since the decision was made to establish the socialist market economic system, 1993 is a year crucial to stepping up reform and opening up as well as to accelerating economic development. He predicted that China's economic development will enjoy encouraging prospects in the new year, and the economy will continue to grow at a fairly high rate. In addition, the hard efforts from all sides can bring about a stable and coordinated development on the basis of this fairly high speed. However, the macroeconomic environment may tend to become tighter in the year. He indicated: In making this prediction, he has not only taken into consideration favorable

conditions, but also estimated restrictions caused by unfavorable factors. Then, he gave a briefing on the several major indications of China's sound economic situation in 1992:

—Reform has developed in depth and range. After studying Deng Xiaoping's important remarks made during his southern trip, our people have seen tremendous changes taking place in their ideology and concepts, and their awareness of reform and opening up has evidently been enhanced. Centering around the transformation of operational mechanism of state-owned large enterprises, bold studies have been carried out on how to deepen enterprise reform. There are already over 8,400 state-owned industrial enterprises within state budget have carried out various kinds of experiments on enterprise reform; for example, the operational mechanism of foreign-invested or township and town enterprises have been adopted by some state-owned enterprises; policies specially designed for new- and high-tech industrial development zones granted to enterprises using high technologies; enterprises encouraged to launch joint ventures with foreign businessmen and carry out the practice of "one factory, two systems"; and experiments carried out vigorously and steadily in selected state-owned enterprises with the joint stock system and with separation of taxes and profits. In addition, in line with the organizational and structural readjustment of enterprises, tests have been conducted on organizing enterprise groups; on closing, suspending, merging, and shifting enterprises; and on bankruptcy. Supporting reforms on the three systems of labor, personnel, and distribution have also been carried out inside enterprises. The cultivation and development process of various kinds of markets have speeded up, and reform of the social insurance system has unfolded at a gradual pace. New headway has also been made in the reform of other fields; particularly, relatively big strides have been taken in price reform. Over 40,000 counties and cities have experimented with relaxing controls on grain prices; and the prices of railway freight transport, coal, crude oil, and natural gas have been raised and the prices of means of production dropped within a fairly large scope, and the upper limit for unplanned prices of coal and rolled steel have been abolished. As a result, the regulatory role of the market in economic activities has evidently been brought into better play.

—Opening up has been further expanded. The range of opening up has been expanded from coastal cities to cities along the Chang Jiang and in border areas as well as to provincial capitals of inland provinces, thus giving form to a new opening-up setup; more fields have been opened to the outside world, and approval granted to trial runs of foreign-invested retailing enterprises and jointly invested foreign trade enterprises; and pilot projects have also been carried out in such industries as finance and insurance which were not open to foreign investment in the past or were open

with restrictions. Foreign-related economic activities have become unprecedentedly brisk, and total annual export and import volumes are expected to grow by about 18 and 20 percent respectively over the previous year. Large increase has been registered in the total volume of border trade. New breakthroughs have been effected in the utilization of foreign investment, the total annual amount of foreign investment involved in newly signed contracts and agreements has increased by over 200 percent respectively over the previous year, and the total amount of foreign investment actually used in the year has grown by more than 50 percent over the previous year.

—The national economy has grown at a high speed. If calculated on the basis of comparable prices, 1992 will see a 12-percent increase in the GNP, the biggest growth since the late 1980's. During the year, stable growth was registered in agriculture, high-speed growth in industry, accelerated growth in the tertiary industries, and a big increase in fixed assets investment. Spurred on by investment, the markets for means of production enjoys brisk buying and selling, and the urban market of consumer goods has also become more flourishing.

—State-owned large and medium enterprises enjoy greater vigor. They are the pillars of the national economy and major financial source of the country. With the implementation of a series of state policies and measures on running them well, market demand has increased at a rapid pace. The total annual industrial output value of such enterprises has increased by 14 percent; total sales revenue by 20 percent, with a 96-percent production and sales rate increase; and the total profits and taxes, by 17 percent. All these were unprecedented in past several years. Nationwide industrial enterprises with independent auditing at and above the town level have also seen improvement in their economic efficiency.

Wang Zhongyu said: The successful convocation of the 14th party congress, the more open mind of our people, deepened reform, expanded opening up, rapid economic growth, and evidently reinforced national strength can all serve as favorable conditions for bringing about a fairly high-speed, stable, and coordinated development in the new year.

Wang Zhongyu indicated: In our efforts to do a successful job in economic work and fulfill the task set by the State Council to attain a stable and coordinated development at a fairly high speed, it is a must for us to see favorable conditions, for only in such a way can we inspire our vigor. Meanwhile, we must, however, deal with difficulties and unfavorable factors, for only in such a way can we stay sober-minded and meet new challenges. To this end, he analyzed from four different angles the following difficulties and unfavorable factors facing China's economic development in 1993:

Judging from the present economic operation, the adverse impact produced by excessive investment begins to expose contradictions between total supply and demand, and make structural contradictions more conspicuous. The supply of energy and major raw and semi-finished materials tends to become tighter and the state is deficient in transport capacity; and fixed asset investment, credit, and money supply have overgrown, and inflation pressure increased. All these are factors restricting the development of the national economy.

As regards enterprises, a considerable number of state-owned enterprises are still quite unaccustomed to the operational conditions of the market economy; and it takes time to implement the "Regulations on Changing Operational Mechanism of State-Owned Industrial Enterprises" and to grant autonomy to lower levels. In addition, relatively bigger strides will be taken in price reform in the new year, and enterprises will see an increase in their expenditure covering raw and semi-finished materials, fuel, and transportation; the cost of products will grow, and a new financial and accounting management system will be put into practice in enterprises. All these will exert a fairly great impact on the economic efficiency and book profits of enterprises.

To judge by the domestic market, along with the issuance of more stocks and bonds, as well as the expanded introduction of foreign investment, material demands represented by investment products will continue to grow, the supply of means of production will become tighter, and the general price level will be even higher; affected by the low growth in the actual income of urban and rural residents as well as by the separation of buying power, the consumer market will continue to suffer from the situation that the supply of ordinary consumer goods continues to exceed demand.

Judging by the present international market, after going through several years of economic recession, major capitalist countries in the West are unable to regain economic growth. The trend of global economic integration and regional groups have undergone further development and trade protectionism has intensified. All these cannot but have an impact on China's exports and imports. China's signing of intellectual property protection and market entry agreements as well as its resumption of GATT signatory status mean that China must fulfill its obligations in reducing import tariffs and relaxing licensing controls. To China, such a situation means an opportunity and, still more, a challenge.

Wang Zhongyu said: Based on the above analysis, the recent national economic work conference has pointed out that we should comprehensively carry out the guidelines of the 14th party congress in economic work in 1993, emancipate our mind, seek truth from facts, aim our efforts at establishing a socialist market economic system, speed up the pace of reform and opening up, firmly grasp the central task of transforming operational mechanisms of enterprises, successfully run state-owned large and medium enterprises, keep strict control over

economic aggregations, carry out macroeconomic control and regulations in accordance with strict principles, and open up a road by which the national economy can undergo sustained development at fairly higher speed and with relatively better efficiency.

Precautions Should Be Taken Against Economic Overheating

This reporter once interrupted Wang by saying that some people in society have the following worry: Will high-speed economic growth in 1993 give rise to a new round of economic overheating? Wang Zhongyu answered: Continued high-speed economic development in 1993 is a necessary move in our efforts to attain Deng Xiaoping's requirement to push the economy onto a new stage in the 1990's. We cannot simply use speed to judge whether or not the economy has become overheated; instead, the crux of the matter lies with such things as the general scale of bank credit, the total volume of monetary issues, financial deficits, inflation, as well as whether or not these economic aggregations can remain balanced and the macroeconomy under effective control. To this end, we should remain sober-minded and adopt earnest measures to prevent the economy from becoming overheated.

We need to fulfill the following tasks in making arrangements for 1993 economic work:

1. Insistent efforts should be made to attach primary importance to economic efficiency and set demands on both speed and efficiency. While making a demand for the speed of 1993 economic development, the recent national economic conference has also raised the following specific requirements: Circulation of industrial floating funds should be accelerated; the number of loss-making state-owned enterprises within the state budget and the total amount of their operational loss should decrease by 5 and 15-20 percent respectively over 1992; and technical innovation should be strengthened, major breakthroughs achieved in key projects, and a number of important policies, laws, and regulations worked out on the building of the market.
2. In line with the principle of maintaining a basic balance between total social demand and supply, the state will keep strict control on economic aggregations and carry out macroeconomic control and regulation in a strict way. What counts is to keep strict control on the general scale of bank credit, the total volume of monetary issues, and financial deficits, and to prevent evident appearance of inflation. To this end, relevant departments have already worked out practical measures and methods.
3. Persistent strides should be taken to run state-owned large and medium enterprises well. A key task is to pay close attention to the implementation of regulations on changing operational mechanisms of state-owned industrial enterprises. Enterprises are the foundation of the

national economy. Only by running enterprises well can national economic development enjoy a solid foundation.

Wang Zhongyu indicated: To prevent economic overheating from happening, we need to adopt a resolute approach and effective measures to solve problems existing in current economic work, as well as certain overheated spots which have already appeared or will appear in the future. He particularly stressed the need to face up to the grim situation of inflation. He said: Although the 1992 retail price index of commodities increased by less than 6 percent over the previous year, yet this is a synthetic figure for the entire country. As a matter of fact, the cost of living indexes of large and medium cities are already over 10 percent; since 1992, commodity prices have maintained an upward trend with larger margins of increase; and due to the factor of price readjustments, it is hard to put an end to the upward trend in 1993. In addition, inflation pressure resulting from commodity price raises brought about by investment is adding up at the present stage. Therefore, departments in charge of comprehensive economic work should acquire a sober understanding of the present situation, check erroneous ideas at the outset, and take preventive measures against possible troubles; otherwise, it will be too late for any efforts when great perils are generated!

Deepening Reform, Optimizing Structure, and Enhancing Economic Efficiency

Can we maintain a stable and coordinated national economic development at a fairly high speed in 1993, attain greater economic results in the year, and contribute to pushing the national economy onto a new stage in the 1990's? Wang Zhongyu believed that what counts is to establish a correct guiding ideology, be clear about the key tasks of our work, and earnestly carry out the work in a down-to-earth manner.

Wang Zhongyu said: During the new year, we still need to make conscientious efforts in reform, especially the reform of state-owned large and medium enterprises in a bid to change their operational mechanisms and mobilize the enthusiasm of the vast number of workers and staff. Only when these enterprises enjoy greater vitality can the entire national economy take on a thriving and flourishing aspect. During the new year, we need to concentrate our attention on the implementation of the "Regulations," and basically put into effect the 14 operational autonomies granted to state-owned enterprises by the "Regulations." Because the 14 autonomies are the essential conditions for enterprises to gear themselves to the market, we should, therefore, grant the autonomies to enterprises to the letter. Due to various reasons such as the government's failure to change its functions as promptly as expected and the lack of supporting reforms, frictions and controversies with the existing system will inevitably occur during the implementation process of the "Regulations." Enterprises themselves should take the initiative to obtain autonomy with perfect assurance,

while all social circles should offer enterprises vigorous support for their moves to protect their own legitimate rights and interests. At present, we should also prevent such practice by which enterprise autonomy is withdrawn or held back under the false pretenses of organizing companies and groups. In the meantime, we also need to study and work out, in light with actual conditions, new policies and measures guiding state-owned large and medium enterprises in a bid to enhance their ability of self-encouragement, self-restriction, and self-accumulation.

During the new year, we should really place our work focus on optimizing the structure and enhancing economic efficiency. This move is of great significance to ensuring a healthy development of our economic work. Wang Zhongyu said: The national economy cannot scale new heights without maintaining a certain growth rate. No uniformity will be imposed on different localities, and the localities where conditions permit should lose no time in attaining a higher growth rate. The growth rate we demand is a rate of structural optimization and efficiency enhancement, and a rate attained on the basis of activating the channels for commodity circulation, accelerating fund circulation, and bringing about a virtuous circle. To seek unity between speed and efficiency, we need to devote efforts to improving quality, optimizing structure, and enhancing economic efficiency.

To achieve the above goals, he believes that, first of all, a successful job should be done in attaining technological progress. At a time when its economy develops at a high speed, China needs all the more to rely on scientific and technological progress, and persistently take the road of development which is mainly marked by expansion of connotation. In our efforts to attain technological progress in 1993, we need to regard both international and domestic markets as our guide, open up new markets, and enhance the quality and grade of products; make focal points stand out and, in light with industrial policies and requirements of structural readjustments, increase the capital input for technical innovation in communications and transportation, telecommunications, the energy industry, and the industry of raw and semi-finished materials; pay special attention to the construction, completion, production, and fulfillment of production quotas of projects currently underway; and vigorously do a good job in technical introduction and the transformation of scientific and technological achievements into realistic productive forces. Meanwhile, we should make a success of enterprise management, and adopt strict means to run factories through assimilating and using for reference both domestic and foreign advanced management experience and methods. In running enterprises, we will assess their production-marketing rate and the number of days for selling goods kept in stock in accordance with the stipulations of the "Regulations" and the new industrial assessment indexes. We should persistently carry out control and regulation in line with the principle of "increasing the production of highly marketable goods, limiting that of

not-so-highly marketable goods, and stop that of unmarketable goods," adopt means such as credit and interest rates to keep strict control over the production of slow-selling goods, support the production of highly marketable goods and goods of famous brands, make flexible use of funds, and accelerate the fund circulation. In addition, we will continue practicing the system by which principal leaders assume full responsibility, work out corresponding countermeasures, and pay unremitting attention to making breakthroughs in making up deficits and increasing surpluses in enterprises. Moreover, we also need to attach great importance to the quality of products, and concentrate our strength on grasping the quality of key industries and key products. To adapt ourselves to the needs of expediting economic development and entering international competition, we should adopt practical and effective measures, strive to make evident improvement in the quality of major products in 1993, and bring about a big enhancement to the overall level of China's quality work within the coming three to five years.

Economic Prospects, Inflation Fears Viewed

HK0502130493 Beijing JINGJI CANKAO BAO in Chinese 13 Jan 93 p 1

[Article by Bao Yueyang (0545 2588 7122): "China's Economic Prospects in 1993: Cautiously Optimistic"]

[Text] As the clock signalled the arrival of a new year, China's economic train sped into the fourth year of the 1990's with great inertia brought about by its high-speed operations in 1992. How do China's economic prospects look in 1993? What will be the growth rate of the national economy?

Views on the Growth Rate

When asked not long ago by reporters about economic growth in 1993, Zhang Zhongji, spokesman for the State Statistics Bureau, said that he is cautiously optimistic about the economic situation in 1993. He reckoned the economy will continue to grow fairly rapidly, but the growth rate will be slightly lower than in 1992. Also, in the meantime, the economic environment will not be as liberal as it was the previous year.

Many people share his views. Though theoretical circles are divided over whether the economic growth in 1992 is overheating, many people believe that economic growth in 1993 will not be remarkably lower than in 1992. Professor Fan Hengshan, who serves on the State Commission for Restructuring Economy, maintained that a 10-percent growth rate can certainly be achieved without any special intervention from the government. But, he warned, efforts must be taken to bring inflation under control. Some people are more optimistic. Dr. Zhu Mingchun, from the State Council Development Research Center Macroeconomic Adjustment Department, said that there will be no big problems in economic operations this year. The overall situation will be

about the same as in 1992. Growth will stand at about 10 percent. Some experts even predict that GNP will grow 12 percent or more this year. Foreign media are of the opinion that China's economy will effect a soft landing this year.

The economic cycle shows that the economic expansion, which started in 1992, has yet to come to an end. The deepening of reform and opening up in 1993 will provide a fresh motive force for economic development. These are the main reasons why people are relatively optimistic about economic prospects this year. Specifically, favorable conditions for economic development are as follows.

First, the powerful favorable impact that the demand for investment has on the economy will continue. According to State Statistics Bureau statistics, total investment in fixed assets in 1992 topped 730 billion yuan, up 33 percent over the previous year. Investment in 1992 bore clear characteristics: many projects began construction and projects under construction were big in scale. It is estimated that the scale of projects under construction across society at the end of 1992 will be 37 percent bigger than the previous year. Therefore, there will be enormous construction work to be done in 1993. In the meantime, the central government will begin to build a number of major infrastructural facilities.

Export trade is also hopeful of fairly big growth. It is estimated that total export volume hit \$85 billion in 1992, up 18 percent over the previous year. This has something to do with our efforts to extend regions open to the outside world from coastal regions to areas along rivers and borders and to the hinterland with unprecedented activity in foreign trade. When China's status as a signatory state to GATT is restored, it will enjoy more favorable conditions for expanding export trade.

The industrial product mix has been considerably adjusted during the last few years. As a result, excessive stockpiles of goods have been reduced and the sales rate of industrial products approached a normal level in the fourth quarter of 1992. It is estimated that the market for retail goods will not lay excessive constraints on the growth of industrial production. On the contrary, as people take measures to counter inflation and cheap imported goods enter China's markets when China is admitted to GATT, we can expect small-scale consumption fever.

In addition, we have a greater amount of foreign exchange reserves, with cash reserves of \$20 billion. This will help us import raw materials in short supply in China and, accordingly, to promote economic growth.

Restraining Factors Cannot Be Ignored

Though everyone agreed that the economy will continue to grow this year, they made a cautious estimate of the economic environment. Quite a number of experts said

that we must keep sharp vigilance over two restraining factors: basic industries, whose development has been held up, and inflation.

In fact basic industries, especially railway transportation, have become bottlenecks. For now, cargo services can only meet about 50 percent of demand. Recently, coal has been in short supply in some places. It is inadequate railway transport capacity rather than coal production that is to blame. At the same time, all kinds of raw materials also fell short of supply. In 1992, China produced 80 million tonnes of iron and steel, 9 million tonnes more than the previous year, with the yearly increase in steel production hitting an all-time high. Production of steel products was also raised. However, such big growth failed to meet demand. In November last year, there was a continued shortage of wire rod needed for construction and in some areas prices jumped to 3,300 yuan per tonne. Prices of steel products needed for production also soared due to short supplies. Prices of cold-reduced sheets produced by the Baoshan and Wuhan Iron and Steel Works were almost on par with those of imported ones. There were a few cases in which goods were unavailable despite high prices. Some iron and steel works received payment for goods due for delivery this year as early as October last year. The latest statistics show that the price of twisted steel, among other steel products, has risen to 3,300-3,500 yuan per tonne and that wire rod is being sold at 3,200-3,400 per tonne. Again, an extraordinary boom in the market for steel products occurred up when there was a big increase in the supply of imported steel products. It is reported that a total of 4.74 million tonnes of steel products were imported between January and October of 1992, up 80 percent over the same period in the previous year. Imported steel products for the whole year of 1992 will possibly top 6 million tonnes. In the meantime, prices of cement, wood, plate glass, and mechanical and electrical equipment also skyrocketed. It is reported that prices of capital goods went up by 25 percent in the period January-November 1992. Many enterprises could not afford to buy raw materials.

Let us look at the problems about a latent inflationary pressures. According to the State Statistics Bureau, prices of retail goods in 1992 are estimated to rise 5.3 percent on average as compared with the previous year, slightly lower than the planned 6 percent. But residents in urban areas feel a much stronger pinch. This is because the price index for living costs in large and medium cities went up 11 percent, far exceeding the national average. In particular, charges for services rose sharply. As a result, retail prices will be influenced by this comparatively high figure in 1993.

Some people maintain that there will not be excessive inflationary pressures in 1993. The reasons are the fact that there will not be a significant change in the situation in the market for consumer goods in which supply outstrips demand, the present household savings ratio still stands at 30 percent, and there are more outlets for consumer funds now than before.

Countermeasures Suggested

Looking from different angles, experts have proposed different macroeconomic policies. Some people say that we should not set a growth rate artificially. We should allow the economy to develop as far as the inherent law of economic development permits. This will help us obtain an adequate "starting speed" in the economic take-off period. The bottleneck effect can be removed by fully introducing market mechanisms to basic industries. At the same time, the central government should strengthen basic industries by concentrating resources on them, which is a superiority our country enjoys.

Some people have said that, in view of the fact that the economic environment will be less liberal this year, we should "try to achieve 9 or at least 8 percent economic growth," taking care that the growth rate does not in effect exceed 10 percent. If the economy grows too rapidly, we will not make rapid progress in optimizing the economic structure and the economy will not maintain sustained and stable growth either—though it may grow rapidly for a short period. If we pay equal attention to economic growth, stable economic development, and economic efficiency in formulating our policies as well as make rapid progress in optimizing the economic structure, the allocation of resources will become more rational, economic growth will follow a better upward course, and the economy as a whole will operate at a higher growth rate and sustained higher efficiency even though the economy will not grow as fast as before. In the meantime, relations between all fields will become normal and restraints laid by resources and the market [zi yuan he shi chang yue shu 6327 3293 0735 1579 1034 4766 2631] will be contained within an acceptable range.

Official: Investment Controls To Curb Inflation

HK0502134593 Hong Kong MING PAO in Chinese
27 Jan 93 p 6

["Special Interview" column by staff reporter Yang Liu (2799 2692): "Wu Mingyu, Deputy Director of Development Research Center Under State Council, Predicts That the Inflation Rate This Year Will be About 7 Percent, That the Economic Situation Could be Grim"]

[Text] The deputy director of the State Council Development Research Center, Wu Mingyu, has said that China did well in its work to curb inflation last year, and that the annual inflation rate was controlled at a level of 5.7 percent. He predicted that the inflation rate this year will be 6-7 percent. He also said that the situation in 1993 could be grim, thus the central authorities will formulate measures to prevent an overheated economy and to curb inflation.

Wu Mingyu pointed out in an interview with this reporter a few days ago that China will not impose uniformity this year to prevent an overheated economy. For example, apart from controlling investments in the processing industry and hasty development, the central

authorities will encourage, rather than inhibit, investment in energy and communications and the development of construction projects in various provinces and municipalities.

Over the past few years, China's annual industrial growth rate has been 15-20 percent, the growth rate of domestic and foreign trade has been particularly amazing, and tourism related to domestic travelers and overseas tourists flourished. However, the annual growth rate of new railway capacity was below 3 percent, and power shortages in some parts of China is a very outstanding problem at present.

Last year, nationwide investment in capital construction was 7,600 trillion yuan. The figure this year will probably be controlled at last year's level or a little higher than last year.

Wu Mingyu said frankly that in the new year China still faces tremendous pressures from high inflation. However, he stressed that the 1988 phenomenon of high inflation and panic purchasing will not recur in China. The argument he put forward is that consumers in China at present have a stronger awareness of inflation, that there is an abundant supply of goods and materials in the market, and so on.

He said that China's price reform and its lifting of restrictions on market prices has been much more successful than the "shock" treatment economic reform adopted by East European countries. China is taking a soft rather than a radical approach in lifting restrictions on prices.

Wu Mingyu pointed out that measures to prevent an overheated economy will not affect the prosperous

development of foreign-invested enterprises because these enterprises do not require direct state investment, thus the problem of an overheated economy does not exist. He disclosed that China will impose more controls over new investments in state-run enterprises in the new year.

Moreover, Wu is very optimistic about the development prospects for national industries after China joins GATT. He said that after joining GATT and opening up to imports of foreign household appliances, China's own household appliance industry will strive for a phoenix-like rebirth, because it is no good closing off the industry. He stressed that China will have more opportunities to assimilate the strong points of other countries after joining GATT, thus improving the competitive power of its products in international markets.

Recently, the exchange rate of renminbi has depreciated a lot against such foreign currencies as the U.S. dollar and the Hong Kong dollar. In Shenzhen, Xiamen, and Guangzhou, the black-market rate for changing Hong Kong dollars into renminbi reached a new height of 100:104; whereas in Shanghai, Beijing, and Fuzhou, the black-market rate for U.S. dollars was over 1:8. As far as these sudden changes were concerned, Wu Mingyu blamed abnormal man-made psychological factors. He quoted Li Lanqing, minister of foreign economic relations and trade, as saying that China had no intention of devaluing the renminbi-U.S. dollar exchange rate to 1:10.

He said that many reasons accounted for the recent large depreciation in the black-market exchange rate of the renminbi, and that one of them was that a number of rumors concerning large a devaluation of the renminbi were spreading inside and outside the country.

East Region**Anhui Congress Holds Preparatory Meeting**

OW0602222493 Hefei Anhui People's Radio Network in Mandarin 1100 GMT 29 Jan 93

[From the "Provincial Hookup" program]

[Excerpts] The first meeting of the Eighth Anhui Provincial People's Congress held its preparatory meeting at the Anhui Theater in Hefei this morning.

Wang Guangyu chaired the meeting. Zheng Rui, Meng Fulin, Ying Yiquan, Kang Zhijie, Du Weiyou, Chen Tingyuan, Chen Tianren, Du Hongben, and Lu Zixiu attended.

Wang Guangyu declared: All the preparations for the first meeting of the Eighth Anhui Provincial People's Congress have been made, and the meeting is scheduled to open on the morning of 30 January. [passage omitted]

Wang Guangyu said: The first meeting of the Eighth Anhui Provincial People's Congress will take place under the new situation in which people in Anhui are accelerating the pace of their reform, opening up, and modernization while firmly implementing the important talks given by Comrade Deng Xiaoping during his inspection tour of southern China, as well as implementing the 14th party congress guidelines. The meeting will be an important event in Anhui. It will be significant for ensuring the accomplishment of the missions put forth by the 14th party congress; for expediting Anhui's reform, opening up, and economic construction; and for achieving the goal of living a comparatively comfortable life by the end of this century.

Under the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, the important talks he made during his inspection tour of southern China, and the spirit of the 14th party congress, the meeting will uphold and improve the people's congress system; foster socialist democracy and law; and mobilize people in Anhui to work hard together to speed up reform, opening up, and modernization and to achieve the Eighth Five-Year Plan and a comparatively comfortable life. They will do these things while following the leadership of the provincial party committee, holding high the banner of building socialism with Chinese characteristics, and adhering to the party's basic line characterized by one center and two basic points. [passage omitted]

By a show of hands, the meeting elected the Presidium members and secretary general of the congress and adopted the congress agenda, as well as the list of deputies nominated to work in committees to examine the national economic and social development plan and the budget.

Anhui CPPCC Committee Session Opens 29 Jan

OW0802100493 Hefei ANHUI RIBAO in Chinese
30 Jan 93 pp 1, 2

[Unattributed report: "Grand Opening of First Session of Seventh Provincial CPPCC Committee"]

[Text] The First Session of the Seventh Anhui Provincial Committee of the Chinese People's Political Consultative Conference [CPPCC] opened ceremoniously in the Jianghuai Theater in Hefei on the morning of 29 January.

The major tasks of the session are to work under the 14th CPC National Congress guidelines, sum up the provincial CPPCC committee's work since the first session of the sixth provincial CPPCC committee, discuss future tasks, elect the leading body of the seventh provincial CPPCC committee, and attend the first session of the seventh provincial people's congress as nonvoting delegates; and to join the people's congress session in discussing major provincial affairs, as well as to mobilize all provincial CPPCC committee members, all democratic parties, and personalities of all nationalities from various circles to further emancipate their minds and unite even more closely to make new contributions to accelerating Anhui's reform, opening up and modernization, and to greater success in building socialism with Chinese characteristics.

The conference hall was solemnly decorated, with a huge CPPCC emblem hung at the center of the rostrum, flanked by red flags, five on each side above decorative pine trees. Hung above the rostrum was a long streamer inscribed: "Emancipate the Mind, Seek Truth From Facts, Forge Ahead in Unity, Perform Actual Deeds, and Promote the Building of Socialism With Chinese Characteristics."

Seated on the rostrum were Executive Chairmen Shi Junjie, Long Nian, Wang Sheyun, Qian Jingren, Yue Shucang, Li Mingjun, Rong Guanghong, Song Ming, Xu Rongnan, Wu Dongzhi, and Xu Xueshou, as well as all members of the session's presidium.

Responsible persons of the provincial CPC committee, provincial advisory commission, provincial people's congress standing committee, provincial government, provincial discipline inspection commission, military district, and the People's Liberation Army units in Anhui came to extend their greetings to the session and were also seated on the rostrum. They were: Lu Rongjing, Fu Xishou, Wang Guangyu, Meng Fulin, Yang Yongliang, Wang Taihua, Hou Yong, Shen Shanwen, Liu Guangcai, Wang Shengjun, Shao Ming, Chen Guanglin, Fang Zhaoxiang, Zheng Rui, Ying Yiquan, Kang Zhijie, Du Weiyou, Chen Tingyuan, Chen Tianren, Du Hongben, Lu Zixiu, Du Yijin, Wu Changqi, Zhang Runxia, Lu Zaiyan, Hu Guangrui, and Wang Xinglin.

Responsible comrades of the sixth provincial CPPCC committee Xu Leyi, Wang Zenong, Pan Ezhang, Ma

Leting, Teng Maotong, Meng Yiqi, and Zhao Huaishou, attended the session on invitation and were also seated on the rostrum.

Long Nian, executive chairman of the session, opened the session at 0900 [0100 GMT] hours sharp. With 57 of the 705 members of the seventh provincial CPPCC committee on leave, 648 were present, forming a quorum. The session began amid the majestic national anthem.

Long Nian said: At the beginning of the session, let us cherish, with all sincerity, the memory of the chairman, vice chairmen, and members of the CPPCC committee who passed away during the sixth CPPCC committee's term. Let us also extend our highest respects to old members of the committee who contributed to Anhui's stability and unity, to promoting Anhui's reform and opening up, and building of the two civilizations, and to performing the basic duties of the CPPCC. More than one half of the members of the seventh provincial CPPCC committee present at this meeting are new to CPPCC work, bringing with them new vitality. Let us warmly welcome them.

Shi Junjie, another executive chairman of the session, delivered a work report on behalf of the standing committee of the Sixth Provincial CPPCC Committee amid warm applause. He requested the session to deliberate his report.

After recalling the provincial CPPCC committee's work in the last five years, he pointed out: The last five years were a period in which we continued making progress in CPPCC work. During the five years, we firmly adhered to the party's basic line and actively carried out various activities to maintain social stability, promote reform and opening up and the building of the two civilizations, to promote peaceful reunification of the country, and expand the patriotic united front. We have made progress in all aspects.

Shi Junjie pointed out: Our present tasks are to continue to actively, comprehensively, and accurately implement the 14th CPC National Congress guidelines and Comrade Deng Xiaoping's important talks made during his southern China inspection tour, to firmly adhere to the party's basic line of "one central task and two basic points," to accelerate reform and open Anhui wider to the outside world in accordance with the demands of a socialist market economy, and to strive to make progress in Anhui's economic development and in building a spiritual civilization. The CPPCC organizations at various levels, all democratic parties, and all mass organizations should work under the 14th CPC National Congress guidelines, unite with all the forces that can be united with under the banners of patriotism and socialism, enhance vigor, work hard for the country's prosperity, and make even greater contributions to accomplishing our glorious tasks; to accelerating Anhui's reform, opening up, and economic construction; to maintaining stability and unity; to promoting democracy

and the legal system; and to promoting the peaceful reunification of our country.

The Sixth Anhui Provincial CPPCC Committee Motions Committee issued a (written) report on its work.

Shi Junjie Relected Committee Chairman

OW0802113793 Beijing XINHUA Domestic Service in Chinese 0956 GMT 8 Feb 93

[Text] Hefei, 8 Feb (XINHUA)—Shi Junjie was elected chairman of the Anhui Provincial Committee of the Chinese People's Political Consultative Conference [CPPCC] today at the first session of the Seventh Provincial CPPCC Committee.

Jiangsu Guidelines for 1993 Industrial Production

OW0502135993 Nanjing Jiangsu People's Radio Network in Mandarin 1015 GMT 3 Feb 93

[By station correspondent Zhang Jun; from the "News" program]

[Text] Basic guidelines for the development of Jiangsu's industrial production this year have been drawn up. They are:

Production must be planned and product mix must be readjusted on the basis of market needs.

Product quality must be improved and higher economic returns must be achieved through upgrading technology.

Industrial development must be planned on the basis of restructuring production and achieving higher returns; priority must be given to upgrading the technology and improving product quality; and efforts must be made to achieve unity of speed and efficiency.

Priority should be given to developing a large number of best-selling products through developing popular, high-technology, and profitable products which are capable of earning foreign exchange, and which consume little amounts of energy and material resources.

During their restructuring, various trades must give priority to strengthening the basic industries, such as those which produce energy and raw and semifinished materials. Efforts must be made to rebuild or upgrade the traditional industries, such as textiles and light industry; to speed up the development of the three mainstay industries—machinery, electronics, and petrochemical—and to launch a number of broadly related projects that can promote the establishment of a large number of supporting enterprises.

In their ongoing organizational restructuring, enterprises in Jiangsu should establish a number of well-managed and large enterprise groups; medium and small enterprises must speed up production of small, inexpensive but well-made and uniquely Jiangsu products; enterprises must upgrade their technology; and old industrial bases and large and medium enterprises must make

special efforts to upgrade their technology to increase productivity; resources should be pooled to support 200 technology-upgrading projects, which have a total investment of over 10 million yuan and which are significant for Jiangsu's industrial restructuring; efforts must be intensified to improve enterprise management—with attention directed to improving quality—to establish or improve all regulations and rules governing economic responsibilities, and to adopt modern and practical managerial methods.

While making continuous efforts to crack down on fake and shoddy goods, activities must be broadly launched to create Jiangsu's brand name products, actively publicize criteria for controlling or guaranteeing product quality, speed up the pace of organizing production on the basis of internationally acceptable norms, and strive to improve the quality of 50-60 products until they catch up with or exceed international quality standards.

Firm efforts must be made to curtail production and reduce the inventory of unsold goods, make up deficits, increase profits, restrict the production of unmarketable and overstocked goods, reduce the amount of capital tied up by finished goods, and intensify market development. The industrial, agricultural, and commercial sectors should be encouraged to work together to promote sale of their goods; and regulations for making up deficits should be further improved.

For those enterprises which have no hopes to make up their deficits, firm efforts must be made to close them down, to suspend their operations, to merge them with other businesses, or to switch them to the manufacturing of other products.

Jiangsu Secretary Tours Gaochun County

OW0602120693 Nanjing Jiangsu People's Radio Network in Mandarin 1015 GMT 1 Feb 93

[From the "News" program]

[Excerpts] It was a sunny day on 30 January, the first warm day since the Spring Festival. Shen Daren, secretary of the provincial CPC committee, visited Gaochun County, held discussions with local cadres in the fields, on dikes and at rural enterprises, and thus spent a busy day there. He was accompanied on the trip by responsible persons of the provincial departments concerned and Nanjing city, Comrades (Liang Baohua), (Cai Yumin), (Zhou Zhenghua), and (Wang Zhengsheng). [passage omitted]

Shen Daren visited the first-stage construction site of the Sheshan pumping station. The first-stage construction was completed at the end of last year. On a high ground, he said to local cadres: We should understand the role of agriculture as the foundation of the national economy, and must not slacken our efforts in farmland and water conservancy capital construction. [passage omitted]

Jiangsu City Sees Growth in Township Enterprises

OW0702191193 Beijing XINHUA in English 1628 GMT 7 Feb 93

[Text] Beijing, February 7 (XINHUA)—With the development of China's market economy, township industry in Wuxi city of east China's Jiangsu Province has witnessed great increases, according to a recent issue of the Beijing-based "CHINA TOWNSHIP ENTERPRISES NEWS".

Last year, township enterprises in the city realized an industrial output value of 65 billion yuan (about 11 billion U.S. dollars), a sales volume of over 48 billion yuan and a pre-tax profit of four billion yuan, increases of 75 percent, 70 percent and 100 percent respectively over the year before.

According to statistics, the city's townships with an annual output value of over one billion yuan increased from only one in 1991 to 17 last year; villages with an annual output value of over 100 million yuan increased from 11 in 1991 to 50 last year.

The increase can be attributed to the city's introduction of advanced technology and equipment and qualified personnel, which in turn promoted the competitiveness of the township enterprises on the market.

Now scientific research institutes, initiated by township enterprises and closely related to their industrial production, number more than thirty.

With one eye still on domestic markets, the city's township enterprises shifted their attention to the world market.

Last year, those enterprises produced 5.8 billion yuan in commodities for export, an increase of 75 percent over the year before.

Also in 1992, the city opened 900 foreign-funded township enterprises with a total contracted foreign investment of 420 million U.S. dollars, which increased the total of such joint ventures in the city to 1,100.

Meanwhile, the city's township enterprises adopted preferential policies in a bid to attract more talent to contribute to local economic development.

New Jiangxi CPPCC Chairman, Vice Chairmen

HK0802055293 Nanchang Jiangxi People's Radio Network in Mandarin 1100 GMT 4 Feb 93

[Excerpts] After satisfactorily finishing all items on the agenda, the first session of the seventh CPPCC provincial committee held the closing ceremony in the provincial military district's assembly hall this afternoon. The newly elected Chairman Liu Fangren and Vice Chairmen Ye Xueling, Wu Yongle, Liao Yanxiong, Dai Zhizhong, Huang Liqi, and Luo Ming were seated on the

front of the platform, as were the newly elected provincial CPPCC standing committee members, CPPCC National Committee members in Jiangxi, and CPPCC members from Hong Kong and Macao. Provincial CPC, government, and military leaders, who were also seated on the platform, attending the closing ceremony upon invitation were [provincial CPC Secretary] Mao Zhiyong, Wu Guanzheng, Zhu Zhihong, Lu Xiuzhen, Ma Shichang, Zhang Fengyu, Shu Shengyou, Peng Kunsheng, Zhong Qihuang, Xu Qin, Wang Zhaorong, Wang Zemin, (Wang Qiandu), Wang Guoben, Wang Zhongfa, Hu Dongtai, Chen Guizun, Zhou Zhiping, Shu Huiguo, (Zheng Liangyu), Huang Zhiqian, Zhang Yunchuan, (Liu Chuanyun), Li Ying, Wang Shuheng, (Xian Xianjin), and (Tang Yuanquan); CPPCC National Committee members Wu Ping, Yang Yongfeng, (Liu Jianhua), (Zhu Danghua), and Jin Liqiang; and veteran comrades Di Sheng, Liu Zhonghou, Lu Jiaopeng, Shen Hanqing, Li Shanyan, Lu Liang, Wu Yunzhong, and Wei Xiuying. [passage omitted]

The new CPPCC provincial committee Chairman Liu Fangren gave a closing address: [begin Liu recording] CPPCC members and comrades: Thanks to the concerted efforts of participating CPPCC members and comrades, the First Session of the Seventh CPPCC Jiangxi Provincial Committee, which is the concern of people across the province, satisfactorily completed all items on the agenda. The session has proceeded very well and very successfully. [end recording]

Liu Fangren said: During the session, in light of the discussion of the important remarks of leading comrades of the provincial CPC committee, the government work report, and various other reports centering around the topic of how to quicken the pace of the province's reform and opening up and modernization drive and the question of how to strengthen political consultation work under the new situation, participating comrades expressed their views honestly and freely and put forward many constructive proposals and suggestions, thus vividly embodying the high enthusiasm and high sense of responsibility of the new CPPCC provincial committee members in participating in and discussing government and political affairs. With full preparation and consultation, the session elected the constituent members of the standing committee of the seventh CPPCC provincial committee, thus successfully completing the task of personnel change for the new provincial CPPCC committees. [passage omitted]

Here is a list of chairman, vice chairmen, and Standing Committee members of the Seventh CPPCC Jiangxi Provincial Committee elected at the First Session of the Seventh CPPCC Jiangxi Provincial Committee on 4 February 1993: Chairman Liu Fangren; Vice Chairmen Ye Xuelin, Wu Yongle, Liao Yanxiong, Dai Zhizhong, Huang Liqi, and Luo Ming; Secretary General (Duan Que); and 95 standing committee members, whose names appear in order of the number of strokes of their names: Ding Yaoming, Wan Xianhao, Ma Shiyang, Wang Sheng, Wang Xiang, Wang Xiancai, Wang

Yumen, Wang Lunqiu female, Wang Zhongyou, Fang Ying, Gang Dingwen, Li Zhicheng, Lu Dekui, Bao Zhangri, Man Meihua, Qu Chengxue, Qiao Zhenxian, Liu Ren, Liu Feng, Liu Shaoping, Liu Yunnai, Liu Qinglin, Liu Yuchu, Liu Degui, Jiang Shan, Zhong Hailang, Du Yili female, Yang Peijin, Yang Chungpu, Li Tianqiao, Li Yunde, Li Fusheng, Li Xicheng (female), Li Jianzhong, Yan Zhendong, Xiao Shan, Wu Renyuan, Wu Xuzhen, Wu Zhiqing, He Daxin, He Xiabao, Qiu Weiyang, Yu Chuanfu, Wo Zhuquan, Sheng Wenfu, Zhang Yujiang, Zhang Huakang, Zhang Yongfu, Zhang Yanyuan, Zhang Xianqing, Zhang Haidao, Zhang Dingxin, Lu Zhihuang, Chen Wenhua, Chen Jinxiang, Chen Hanyan, Ouyang Jingtang, Luo Yanqing, Yue Shutang, Jian Yi, Jian Zuguang (female), Zhou Wenying, Zhou Shiyu, Zhou Shaozhen, Zhou Nuanshu, Hu Ke, Hu Zhenpeng, Zhong Lechu, Duan Huomei (female), Gong Zheng, He Shaowen, Rao Bingjiang, Qian Zhong, Yuan Mu, Xu Huaifang (female), Guo Youming, Guo Jianzhang, Gao Jingcun, Gao Sheyuan (female), Pu Linghui (female), Huang Tianzong, Huang Jiansheng, Huang Futian, Tao Shaoqiong, Han Zhongqi, Peng Zhixian, Ge Renyong, Dong Haicun, Shi Guoyi, Cai Bingren, Liao Guangru, Fang Haishan, Yan Fangwan, Dai Zijun, and Dai Huijuan (female).

First Foreign Bank Branch Opens in Nanjing

OW0802121593 Beijing XINHUA in English
1154 GMT 8 Feb 93

[Text] Nanjing, February 8 (XINHUA)—The Standard Chartered Bank today opened its branch in Nanjing, the capital of Jiangsu Province.

The bank, the first foreign bank branch in Nanjing, will concentrate on helping overseas business people make investments and carry out trade in this eastern China province.

Malcolm Williamson, chief administrative president of the Standard Chartered Bank, who attended the opening, showed great interest in the rapid development of Jiangsu's economic relations with foreign countries.

According to statistics, last year Jiangsu imported and exported 6.24 billion U.S. dollars worth of goods and approved the establishment of more than 10,000 foreign-funded enterprises involving investment totalling 8.93 billion U.S. dollars.

The Standard Chartered Bank with a century-long business history in China, has branches in China's Shanghai, Shenzhen, Xiamen, Zhuhai, Haikou and Tianjin cities.

Shanghai To Protect Legal Rights of Investors

OW2901103293 Beijing XINHUA in English
0938 GMT 29 Jan 93

[Text] Shanghai, January 29 (XINHUA)—Shanghai has worked out 74 local rules and regulations concerning the foreign economy to protect the legal rights of Chinese

and foreign investors, according to the Shanghai-based "JIEFANG DAILY" [JIEFANG RIBAO].

Since China began its national reform and opening policy in 1979, this country's leading industrial center has paid close attention to formulating rules and regulations so as to follow international conventions and legally protect the rights of overseas business people.

Of the rules and regulations, 33 involve foreign investment, 13 relate to the development and opening of the Pudong area and the rest touch upon banking, foreign currency management, tax revenue and customs and commodity inspection, according to the paper.

The municipal government has decided to revise 15 rules and regulations and abolish two while continuously implementing 57 since it sorted out the existing regulations and rules not long ago.

Shanghai Congress To Hold Last Committee Meeting

OW0302134893 Shanghai People's Radio Network in Mandarin 2300 GMT 1 Feb 93

[From the "Morning News" program]

[Text] A chairmanship meeting of the Shanghai Municipal People's Congress Standing Committee has decided that the 41st meeting of the Ninth Municipal People's Congress Standing Committee will be held 3 February. The meeting will last three and one-half days. It will be the last sitting of the Ninth Municipal People's Congress Standing Committee.

The meeting's agenda consists of 10 topics, including approving the decision on the date for holding the first session of the 10th municipal people's congress and examining the draft proposal on reforming the old-age pension program for the city's (permanent and regular) workers.

Shanghai Boosts Telephone, Postal Infrastructure

OW0102021293 Beijing XINHUA in English
0145 GMT 1 Feb 93

[Text] Shanghai, February 1 (XINHUA)—Shanghai, China's largest city, plans to further boost telecommunications to cater to the needs of its rapid economic development this year.

According to the municipal posts and telecommunications administration, the city, in which urban telephone capacity topped one million lines last year, will increase the capacity by another 400,000 lines this year.

It will add 40,000-line domestic long-distance telephone exchanges and 6,600-line international telephone exchanges this year.

Scheduled for completion and opening to service in the city this year are satellite ground stations and Sino-Japanese undersea optical fiber telecommunications facilities.

In addition, the city will expand the radio call system and mobile telephone service and set up an office to handle portable postal matters and an international express mail bureau this year.

An official of the administration said that these facilities are being installed and built with state and foreign capital as well as funds raised by the city and local enterprises.

Shanghai's Largest Joint Venture To Issue Shares

OW0202200293 Beijing XINHUA in English
1603 GMT 2 Feb 93

[Text] Shanghai, February 2 (XINHUA)—The biggest joint venture between China and Britain, the Shanghai Yaohua Pilkington Glass Company Ltd., will issue A-shares and B-shares at home and abroad to raise money to launch a new production line.

A spokesman said today that the company has got permission from the State Planning Commission to open another production line to produce 90,000 tons of float glass a year.

The production line will adopt new glass making technology from the British Pilkington Company. About half of the product will get exported.

The joint venture was put into production in December 1987 and its profits and taxes topped 100 million yuan (about 19 million U.S. dollars) for the first time last year. Its products are exported to more than 20 countries and regions in the world.

The spokesman said that the company is considering changing to a joint stock company, allowing construction work of the new production line to start in the third quarter of the year and commence operation by 1995.

Yaohua Pilkington will be the third joint venture in Shanghai to be listed on the stock market, according to market sources.

Shanghai To Establish 4 Suburban Customs Offices

OW0502172193 Beijing XINHUA in English
1505 GMT 5 Feb 93

[Text] Shanghai, February 5 (XINHUA)—Four customs offices are to be established in suburban counties by the Shanghai Customs.

This will provide a more convenient service for the local peasants in their development of export-oriented undertakings, a customs official said.

The four new customs offices will be located in the counties of Jiading, Jinshan, Qingpu and Songjiang.

Previously, the municipality set up customs offices in the counties of Fengxian and Xinzhuang.

Export volumes from the counties have been increasing at an annual rate of over 100 percent. The number and investment in overseas-funded projects approved by the counties last year was more than the total for the previous 12 years.

Shanghai Plans Global Personnel Exchange Market

OW0502143193 Beijing XINHUA in English
1156 GMT 5 Feb 93

[Text] Beijing, February 5 (XINHUA)—With the deepening of China's reforms, Shanghai is to set up a global personnel exchange market and reserve, according to a recent issue of the Shanghai-based XINMIN EVENING NEWS.

From 1990 to the end of last year, the city introduced more than 10,000 foreign personnel from over 20 countries including the United States, Britain, France, Germany, Italy, Japan, Canada and Australia; meanwhile, the city also sent many local residents to study abroad.

The introduction of foreign personnel contributed to the development of such key city projects as the improvement of domestically-made spare parts in the Sino-German Santana Automobile joint venture, the construction of Shanghai's subways and the introduction of energy-saving technology in its steel production.

To meet the demand for more advanced technology and management, the city is to set up special funds to invite more foreign personnel.

In addition, the city is expected to cooperate with banks in encouraging enterprises to introduce foreign personnel in production and management.

Zhejiang Governor Discusses Government Work

OW0802052593 Hangzhou Zhejiang People's Radio
Network in Mandarin 1030 GMT 1 Feb 93

[By station report (Chai Ziyue); from the "Provincial News Hookup" program]

[Text] The Zhejiang Provincial People's Government held a plenary session this morning to plan its work for 1993. Governor Wan Xueyuan and Vice Governors Chai Songyue, Liu Xirong, Long Anding, Zhang Qimei, Xu Yunhong, and Xu Zhichun attended the meeting. Executive Vice Governor Chai Songyue chaired the meeting. Chai Songyue described the workloads of the new provincial government's leading body, governor, and vice governors and the focus of the government's work for this year.

The general demands set on the 1993 government work are as follows: make wholehearted efforts to implement the 14th party national congress guidelines; continue to strive to deepen reform by focusing our efforts on the objective of building a socialist market economy system, upgrading enterprise mechanisms, and transforming government functions; use reform to promote openness and economic development; bear in mind that it is essential to conduct restructuring and improve economic performance; rely on scientific and technological progress; continue to strengthen the construction of agriculture, basic industries, and infrastructure, especially construction of the traffic network; upgrade and improve the processing industries; vigorously establish tertiary industry; work hard to maintain the momentum of economic development; make wholehearted efforts to improve the quality of economic growth; vigorously strengthen efforts to build socialist spiritual civilization and socialist democracy and the legal system; strengthen reform and construction of government; and promote coordinated economic and social development.

Responsible people from nine provincial commissions, including the provincial planning and economic commission, delivered speeches on special topics concerning work for 1993.

Governor Wan Xueyuan addressed the meeting on behalf of the provincial government. He said: Serious efforts to implement the guidelines of the 14th Party National Congress are the key to our effectively accomplishing the work of this provincial government term. It is necessary to act in accordance with the objectives of struggle determined by the provincial party committee and provincial government, with strategies for development, with opening-up plans, and with arrangements for other major tasks to ensure continuity and stability in government work. In particular, it is necessary to carry on and spread the fine traditions and style practiced during the term of the previous provincial government to construct the leading body of the provincial government this term into a leading body which has a firm political orientation; which opens up new frontiers and blazes new trails; which shows unity and coordination; which deals with matters in a practical way; and which is highly efficient, honest, and strict.

Wan Xueyuan said emphatically: We should focus on key aspects when we plan the government work for this year. We should surmount difficulties in relevant work and all types of obstacles. Judging from the economic operation in our province, I would say that there are a few problems which particularly require our full attention. First, we should vigorously strengthen the position of agriculture as the foundation and continue to give priority to agriculture in our economic task. Second, we should continue to improve enterprises, especially large and medium enterprises, and work hard to improve the economic performance and growth of our industrial sector. Third, we should continue to open wider to the outside world and strive to make major breakthroughs in the utilization of foreign investments. Fourth, we should

mobilize the strength of the whole of society and organize it to accelerate the construction of infrastructure and basic industries, especially the construction of a traffic network. Fifth, we should work hard to tap more investment channels and relax and remedy the shortage of funds.

Wan Xueyuan said at the end of his speech: In short, we should conduct real and solid work in our implementation of this year's provincial government task. To do so, we must adhere to the party's ideological line of seeking truth from facts and thoroughly implement it in practical work; we should persevere in promoting a diligent government for the sake of the people; we should focus on implementing all tasks with a strong, historical sense of responsibility; we should earnestly improve our method of leadership and improve the standards of economic management by the government; and we should actively promote unity and improve the fighting power of leading bodies at all levels.

Zhejiang To Enhance Telecommunications System
OW0502142493 Beijing XINHUA in English
1305 GMT 5 Feb 93

[Text] Beijing, February 5 (XINHUA)—East China's Zhejiang Province has set a development target for enhancing its telecommunications this year, according to a report of the "PEOPLE'S POST AND TELECOMMUNICATIONS DAILY".

According to the plan, the province's program-controlled telephone exchange capacity is expected to increase by 800,000 lines, which will in turn increase its total telephone exchange capacity to two million lines.

For this purpose the province will try to buy advanced telecommunications facilities, making use of both domestic and overseas loans, and also renting facilities.

Also some cities like Wenzhou and Ningbo, two rising industrial coastal cities of the province, have raised funds locally and channeled more money to the development of program-controlled telephones.

Hangzhou, the capital of the province, is to introduce more than 100,000 program-controlled telephones, which will make it necessary to increase the province's telephone numbers to seven digits.

In addition, Zhoushan, Putuo and some other islands along the province's eastern coast have had program-controlled telephones installed, and such projects on some other islands are under construction.

Central-South Region

Explosions Reported at Guangdong Scenic Spot
HK0802115593 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1304 GMT 7 Feb 93

[Text] Guangzhou, 7 Feb (ZHONGGUO TONGXUN SHE)—According to a newspaper report, the scenic

tourist spot of Lingxiao Cave, which is situated at the juncture between Guangdong's Yangchun County and Yunfou city and is reputed to be "the No. 1 scenic spot in southern China," suffered an unheard-of calamity during the Lunar New Year.

It was reported to be a sabotage act organized by some people in a Yunfou district on the pretext of boundary disputes. At around 1500 on 26 January (the fourth day of the first month of the lunar calendar), a yacht full of passengers entered the underground river of Lingxiao Cave. In the darkness, someone suddenly fired at the yacht with a powder gun [fen qiang 4720 2847] (hunting rifle) from the northern entrance of the underground river, causing the passengers to panic. This was closely followed by a big explosion at the western entrance, which left a big gap, and by explosions at the northern entrance.... The series of explosions left over 1,000 tourists in panic, not knowing what had happened. Fortunately, the working personnel of the tourist spot management office promptly led the tourists out of the cave. There were explosions in Lingxiao Cave on and off until 0300 on 27 January. At about 1000 that day, hundreds of people appeared on some hilltops of the cave, throwing down packs of dynamite. For a moment, the deafening noise of explosions rang one after another, startling the large numbers of tourists who had just arrived. Fortunately, on the advice of the staff, they left immediately. Only one Hong Kong tourist was reportedly so scared that he fainted, but there were no other casualties.

The artificial, organized, and large-scale act of sabotage resulted in the following consequences: a restaurant water tower was blasted; a power station was looted; archives and other data, police uniforms, speaker phones, and other office articles of a public security substation were stolen; the public security substation, the adjacent warehouse, and other buildings were demolished; the teahouse facilities and private belongings in the cave were wrecked and burned; the entrance and exit steps, energy supply facilities, and natural scenic spots—such as "water dripping on the pearl" and "underwater moon," known as one of the four major extraordinary sights—were completely destroyed amid the sound of explosions.

According to statistics, between 1500 on 26 and 0200 on 28 January, the scenic spot of Lingxiao Cave was blasted more than 700 times, with a large number of scenic facilities razed to the ground. An initial estimate puts direct losses at 4.4 million yuan.

Following the incident, provincial and city officials at various levels and reporters rushed to the scene and, at the sight of such serious, artificial destructions, were distressed and indignant. The relevant authorities of Guangdong Province have set up a joint work team to investigate this vicious incident. They regard this as a serious case in violation of the law. Consequently, the

government will seriously deal with this incident, hold the main culprits responsible and demand that they compensate for the losses.

The Lingxiao Cave scenic spot is situated at the juncture between Yangchun and Yunfou. As both sides planted flowers on the wooded mountains in this area, there have been disputes for a long time. Through mediations, the Guangdong Government, as well as the representatives of both parties, signed agreements in 1964 and 1984. It was stipulated that Lingxiao Cave was to be placed under the unified leadership, planning, construction, and management of Yangchun. However, with the development of tourism in recent years, both parties have again argued over the benefits of tourist resources. Last November, the provincial government issued a circular on this issue, stipulating: "Before Yangchun County reaches an agreement with Yunfou County on the issue of mutual benefit and compensation, the two local governments should do a good job among the tourist departments and people in their own localities. They should not provoke incidents, still less should there be any act of damaging the scenic resources and tourist facilities so as to preserve the stability of this scenic spot and ensure the normal operations of tourist activities." However, some people in Yunfou city disregarded the stipulation of this circular, resulting in the serious sabotage incident on 26 January.

The case is currently under further investigation.

Guangdong Official on Release of Dissident

HK0502054093 Beijing ZHONGGUO XINWEN SHE
in Chinese 0925 GMT 4 Feb 93

[By Hu Yaohua (5170 5069 5478): "A Guangdong Official Answers Questions About Wang Xizhe's Release on Parole]

[Text] Guangzhou, 4 Feb (ZHONGGUO XINWEN SHE)—A leading cadre of a concerned department in Guangdong Province confirmed here today that Wang Xizhe was released on parole and returned to his home in Guangzhou yesterday.

The leading cadre said the following in a telephone interview with this reporter:

In accordance with the law, Wang Xizhe was sentenced to 14 years imprisonment and was deprived of his political rights for four and a half years by the Guangzhou Intermediate People's Court on 1 June 1982 for his subversive plot against the government. It was understood that Wang Xizhe was able to observe prison rules and had a record of good behavior while in prison. In accordance with Article 73 of the state criminal code, the prison where he was serving his sentence advised the Zhaoqing City Intermediate People's Court in Guangdong to release him on parole. After reviewing the recommendation, the Zhaoqing City Intermediate People's Court made the decision to release Wang Xizhe on parole.

Guangdong Secretary on Family Planning Work

HK0402114893 Guangzhou Guangdong People's Radio
Network in Mandarin 0400 GMT 4 Feb 93

[Text] Yesterday afternoon, the provincial CPC committee and government invited all city CPC committee secretaries and city mayors attending the sessions of the provincial people's congress and the provincial Chinese People's Political Consultative Conference committee to a meeting to discuss the work of family planning. At the meeting, Vice Governor Ling Botang reported on how the province's family planning work was done last year, and Governor Zhu Senlin prepared [as heard] family planning work for this year, saying: First, it is necessary to continuously insist that top people of the CPC committees and governments attach importance to the work themselves and be totally responsible for it. Second, it is necessary to extensively and thoroughly promulgate and implement the newly revised Guangdong Provincial Family Planning Regulations. Third, it is necessary to attach importance to the work at the basic level, lay a foundation, and gradually change the province's family planning work to the track of mainly carrying out promulgation and education, of mainly using contraception, and of mainly doing routine work. Fourth, it is necessary to continuously study new situations and new problems, upgrading the province's family planning work.

At the meeting, Xie Fei, member of the Political Bureau of the CPC Central Committee and secretary of the provincial CPC committee, made eight demands on the province's family planning work. He stressed: It is necessary to strengthen leadership, and put family planning work in the right place and make unremitting efforts for it. It is necessary to upgrade techniques and service, strengthen leadership, and establish responsibility systems and contracted responsibility systems. It is necessary to act according to laws and bring into play the power of laws and regulations.

Guangdong Deputy Secretary Made CPPCC Chief

HK0802055093 Beijing XINHUA Hong Kong Service in
Chinese 1700 GMT 6 Feb 93

[By reporter Shi Meisi (0670 5019 0934): "Guo Rongchang Elected Chairman of the Guangdong Provincial CPPCC Committee"]

[Text] Guangzhou, 6 Feb (XINHUA)—At the First Session of the Seventh Guangdong Provincial Committee of the Chinese People's Political Consultative Conference [CPPCC] today, Guo Rongchang was elected chairman of the Guangdong Provincial CPPCC Committee.

The 60-year-old Guo Rongchang is a native of Guangdong's Chaoyang County and has been deputy secretary of the Guangdong Provincial CPC Committee since 1985.

Guangdong People's Congress 1st Session Meets

Elects Deputies to NPC

HK0102141593 Beijing ZHONGGUO XINWEN SHE
in Chinese 1157 GMT 31 Jan 93

[By staff reporter Chen Jia (7115 0163)]

[Text] Guangzhou, 31 Jan (ZHONGGUO XINWEN SHE)—The First Session of the Eighth Provincial People's Congress of Guangdong today held its second plenary meeting to elect deputies of Guangdong Province (including the regions of Hong Kong and Macao) to the Eighth National People's Congress [NPC]. A total of 786 deputies to the provincial people's congress cast their votes.

Amid melodious music, the deputies cast their pink ballots into the ballot boxes. They needed to elect 162 deputies from among 197 candidates. As a result, 35 candidates failed to be elected.

In the namelist of candidates, 28 people were from the Hong Kong region and five people were from the Macao region.

It took about one hour to complete the election. At the end of the election, Yang Li, who presided over today's meeting, announced the validity of today's election. However, because there were many candidates, the election results will be announced tomorrow.

Xie Fei, member of the CPC Central Political Bureau and secretary of the Guangdong Provincial CPC Committee, also attended the election and cast his ballot.

Discusses 1992 Economic Targets

HK0402105293 Guangzhou Guangdong People's Radio
Network in Mandarin 0400 GMT 1 Feb 93

[Text] This morning, the first session of the eighth provincial people's congress held its third plenary meeting to listen to plans for the province's national economic and social development and the budget report. Zeng Zhaoke, executive president of the presidium, presided over the meeting. Entrusted by the provincial government, Zhang Gaoli, vice governor and director of the provincial discipline inspection commission, reported to the meeting on how plans for the province's national economic and social development were executed and on draft plans for this year. The report points out: Last year tremendous achievements were made in the province's reform and opening and economic development. The major targets for last year's plans for the province's national economic and social development were fulfilled or overfulfilled, and the gross domestic product [GDP] for the entire year is estimated to have reached 206.3 billion yuan, a 19.5-percent increase over the previous year and achieving the second-step strategic goal eight years ahead of schedule; the total industrial and agricultural output value is estimated to have reached 388.7 billion yuan, a 26.2 percent increase over

the previous year; and total exports for the entire year are expected to have reached \$18 billion, a 31.5 percent over the previous year. The province's major targets for the national economy this year are: It is planned that the GDP will increase by 12 percent over last year, of which the total industrial output value will increase by 18 percent and the total agricultural output value will increase by 6 percent. Charged by the provincial government, (Zeng Bingsheng), director of the provincial finance department, gave a report on how last year's budget was executed and on this year's draft budget. All members who attended the first session of the seventh provincial Chinese People's Political Consultative Conference committee and persons in charge of various commissions, offices, departments, and bureaus of the provincial government attended today's meeting as non-voting members.

Elects Chairman, Governor

OW0802112493 Beijing XINHUA Domestic Service in
Chinese 0955 GMT 8 Feb 93

[Text] Guangzhou, 8 Feb (XINHUA)—At the first session of the Eighth Guangdong Provincial People's Congress—which closed today—Lin Ruo and Zhu Senlin were elected chairman of the Guangdong Provincial People's Congress Standing Committee and governor of Guangdong, respectively; and Lu Ruihua, Zhang Gaoli, Lu Zhonghe, Liu Weiming, Li Lanfang (female), and Ou Guangyuan [2962 1639 3293] were elected vice governors.

Shenzhen Villagers Protest Highway Construction

HK0602053693 Hong Kong SOUTH CHINA
MORNING POST in English 6 Feb 93 p 8

[By Daniel Kwan]

[Text] Angry villagers in Shenzhen yesterday vowed to stand firm against the municipal government and accused the authorities for failing to offer them proper compensation in knocking down their properties. About 100 emotional residents from the Jiangxia village, Futian District, Shenzhen, yesterday afternoon barred construction workers sent by the municipal government to clear their houses to make way for a city highway. Holding banners and sticks, the villagers stopped the bulldozers and refused to allow the workers to carry on with their work. "We will come back tomorrow (Saturday) to stop them unless they agree to pay us the compensation we demanded," a village representative told Hong Kong reporters.

The situation reached crisis point when the villagers confronted armed police dispatched by the government and stopped the construction workers from entering the site. According to a village spokesman, the Futian District authorities have backpedalled on a 1991 agreement to offer new houses in exchange for the old homes. However, the villagers received an emergency letter a few days ago from the authorities saying the old deal had

to be scrapped because of "escalating construction costs". The letter made clear that all the villagers must move out immediately because of the "urgency of the construction project". It also stated that compensation would only be discussed at a later date.

But another villager accused the authorities of "double-standards" saying residents of a nearby area had been offered a much better deal by the government.

New Guangxi Magazine Published

HK0302022693 Beijing ZHONGGUO XINWEN SHE
in Chinese 1211 GMT 18 Jan 93

[By Yang Xiaoshan (2799 1420 1472): "JINRI GUANGXI (GUANGXI TODAY) Starts Publication"]

[Text] Nanning, 18 Jan (ZHONGGUO XINWEN SHE)—JINRI GUANGXI [GUANGXI TODAY], a large comprehensive magazine, started publication here today.

In the "Forward," the magazine revealed its purpose: Gather new information, reflect new styles, set foot in new fields, widen field of vision, and eulogize the new era.

From the articles carried in the first issue, one can clearly see the magazine's aims. The articles include "Li Peng Strolls the Land of Guangxi," "Beibu Gulf, the Wing of China's Economy in Future," "What Course Should State Grain Shops Follow," and "Guilin Air Crash."

JINRI GUANGXI is jointly run by ZHONGGUO XINWEN SHE Guangxi branch and the Guangxi Regional Party Committee Propaganda Department. Zhu Youjun, director of ZHONGGUO XINWEN SHE, and Yang Jichang, head of the Guangxi Regional Party Committee Propaganda Department, are chairmen of the magazine's board of directors.

Guangxi's principal party and government leaders Zhao Fulin, Chen Kejie, Liu Mingzu, Ding Tingmo, and Li Zhenqian respectively wrote inscriptions for the title or start publication of the magazine.

Hainan Ready for Large-Scale Development

OW3001104493 Beijing XINHUA in English
0924 GMT 30 Jan 93

[Text] Haikou, January 30 (XINHUA)—China's island province of Hainan is ready for large-scale development after five years of construction.

Hainan, China's second largest island, became a new province and special economic zone five years ago. Since then the province has invested about 19.5 billion yuan in fixed assets, about twice as much as the total investment of the past 36 years, according to local officials.

In 1992, its gross domestic product is estimated to have been 13 billion yuan, an increase of 65.7 percent over 1987 when the Hainan Special Economic Zone was set up.

Industrial output value was seven billion yuan last year, an increase of 139.3 percent over 1987. Grain output was 2.01 million tons, making the province self-sufficient.

A multiple industry is forming in the province including electronics, light industry, textiles, metallurgy, mining, food-stuffs, chemicals, building materials and machinery. A number of newly built large or medium-sized plants of automobile, steel, chemicals and other industries are either operational or will soon be put into production. In the year of 2000, according to local officials, the output value of newly-increased industrial capacity will reach 10 billion yuan.

The province's electric generating capacity is more than 800,000 kilowatts.

Four of the 20 ports on the island are now open to the outside world, with 10 berths for ships of up to 10,000-dwt displacement.

There are 25 air routes linking the island with other parts of the country and foreign cities. The Haikou airport is one of the 10 largest in China. Another airport in Sanya, a tourist attraction on the southern tip of the island, is expected to be operational in 1994.

Hainan's Yangpu economic development area, a project of 30 sq km contracted to the Kumagai Gumi (H.K.) Ltd., will gradually go into production before 1995.

Officials note that the province has attracted foreign investment totalling 3.47 billion U.S. dollars over the past five years. Last year the newly-approved exclusive foreign-funded enterprises numbered 1,222. Overseas businesses, including big ones from Hong Kong, Japan and Singapore, have made investments in 12 cities and counties on the island.

Hainan Secretary at Representatives Conference

HK0502143593 Haikou Hainan People's Radio
Network in Mandarin 2300 GMT 30 Jan 93

[Excerpts] The First Session of the First Hainan Provincial Conference of People's Representatives solemnly opened this morning in the auditorium of the provincial CPC Committee. Presidium Executive Chairmen Ruan Chongwu, Du Qinglin, Wang Xiaofeng, Pan Qiongxiong, Wei Zefang, Cai Changsong, Yang Wengui, Wu Kuiguang, Wang Xintian, Lin Anbin, and others were seated on the front row of the rostrum. Deng Hongxun was also seated on the front row. [passage omitted]

At 0800, Ruan Chongwu announced the session's opening. He said:

[Begin recording] I now announce the official opening of the First Session of the First Hainan Provincial Conference of People's Representatives. All participants stand up. Play the national anthem. [end recording]

Participants of the session listened to government work report submitted by Governor Liu Jianfeng; a report by Huang Baozhang on the implementation of Hainan Province's 1992 plan for national economic and social development, and a draft plan for the province's national economic and social development in 1993; and a report by Luo Guisu on the implementation of Hainan Province's 1992 budgetary plan and the province's 1993 draft budgetary plan. [passage omitted]

A total of 375 persons attended the meeting as nonvoting delegates, including participants of the First Session of the Second Provincial Chinese People's Political Consultative Conference; responsible persons of organs directly under provincial authorities; responsible persons of organs at and above the departmental level stationed in Hainan by the central authorities; responsible persons of companies directly under provincial authorities, and responsible persons of universities and colleges.

Hainan Secretary Ruan Chongwu Elected Governor

HK0502143693 *Huikou Hainan People's Radio Network in Mandarin 2300 GMT 4 Feb 93*

[Excerpts] After approving the resolution on the government work report [words indistinct], the four-day first session of the first provincial people's congress came to a satisfactory close in the assembly hall of the provincial CPC committee on the afternoon of 4 February. The session called on people of all nationalities across the province to [words indistinct] under the leadership of the Hainan Provincial CPC Committee. [passage omitted]

The session was presided over by (Yuan Taowu), acting president and executive president of the presidium; the executive presidents of the presidium of the session, (Wang Xinxian), (Wei Gefang), Meng Qingping, Yang Wengui, Wu Kuiguang, (Fang Zhaoqiang), (Lin Anbin), (Tai Changsong), (Tai Xingzong), and others were seated in the front of the platform. The session's presidium, (Jin Yexiang), Bao Kriming, Lin Ying, Cao Wenhua, (Liu Xuebin), (Zhao Fajun), Liu Jianfeng, Deng Hongxun, Yao Wenxu, Wang Houhong, Dong Fanyuan, Chen Yuyi, Zheng Zhang, (Fang Dongmao), Chen Suhou, Tian Zhongmu, (Wang Huifeng), (Chen Huang), Li Mingtian, (Chen Keguang), Wang Yuefeng, Mao Zhijun, Wang Xueping, Zhou Zheng, Hu Kai, Lin Hongzao, and (Huang Shien), were also seated on the platform. [passage omitted]

Du Qinglin, the newly elected people's congress chairman, spoke at the session. [passage omitted]

Ruan Chongwu, secretary of the Hainan Provincial CPC Committee and the newly elected governor, gave an address at the closing ceremony. He said: [Begin

recording] This session has thoroughly implemented the spirit of the 14th CPC National Congress and the eighth plenary session of the first provincial CPC committee, mobilized vast numbers of cadres and people across the province to cooperate in unity, and seized the favorable opportunity to quicken the pace of reform, opening up, and construction. Implementing the spirit of this session is of very great significance to promoting the further upgrading of the development of the Hainan Special Economic Zone [SEZ] and to wresting a greater success in reform and opening up and modernization. Participating comrades have fully carried forward democracy, held thoroughgoing discussions, and unanimously held that this session is a truth-seeking summing-up of the achievements and experiences since Hainan was founded a province and became a special economic region five years ago. It has advanced the slogan "Learn From Guangdong and Catch Up With Guangdong" and new goals of struggle, which are encouraging and exceedingly conducive to determining major jobs, tasks, and measures for the future. Deputies have conscientiously acted according to legal procedures, made sufficient preparations, and reached consensus. They are fully confident and hopeful of the newly elected leading group. Participating comrades have forwarded many valuable suggestions regarding such questions as how to further improve the appointment and use of cadres; enhance unity; improve the work efficiency of organs; attach importance to work for rural areas and ethnic minority areas; and improve reform, opening up, and various construction undertakings of the SEZ. [end recording] [passage omitted]

Southwest Region

Sichuan Secretary Opens Congress Session

HK0602085493 *Chengdu Sichuan People's Radio Network in Mandarin 2300 GMT 31 Jan 93*

[Excerpts] The First Session of the Eighth Sichuan Provincial People's Congress ceremoniously opened in Chengdu yesterday.

Chengdu city ripples in the spring breeze, and the sunshine is brilliant. Nineteen colored flags flutter in front of the magnificent Jinjiang Auditorium. A huge poster hangs against the wall of the auditorium, which reads: "Speed Up the Pace of Reform, Opening Up, and Modernization To Win a Still Greater Victory in Promoting the Socialist Cause With Chinese Characteristics!" [passage omitted]

The executive chairmen of today's session are: Yang Rudai, Xie Shijie, Yang Xizong, Song Dafan, Luo Tongda, Ren Lingyun, Kang Zhenhuang, Rao Yongyu, and Wei Siqi.

Leading comrades from the Sichuan Provincial CPC Committee, provincial advisory commission, provincial discipline inspection commission, provincial people's

congress, provincial Chinese People's Political Consultative Conference [CPPCC], the Chengdu Military Region's Air Force, and the provincial military district, who were seated on the front rows of the rostrum, included: Xu Mengxia, He Haoju, Li Boyong, Nie Ronggui, Feng Yuanwei, Song Baorui, Xie Decai, Qin Yuqin, Xu Shiqun, Yang Chonghui, Ren Yinglai, Guo Jinlong, Shao Rongtang, Wang Tengbo, Li Shaoyan, Luo Ming, Hu Yongchang, Han Zhengfu, Wang Ao, Wang Yanli, Zhaxi Cering, Deng Zili, Bai Shangwu, Liu Xilin, Liu Haiquan, Liu Yuanxuan, Wang Yu, Wang Shuyun, Liu Chunfu, Xin Wen, Li Peigen, Yang Daidi, Yangling Doje, Wu Hanjia, Chen Zuxiang, Jiang Zeting, Kungsa Yedo, and Li Keguang. [passage omitted]

At 1500, Yang Rudai, executive chairman of the Presidium, announced:

[Begin recording] Fellow deputies: Our meeting begins now. The number of people's deputies to the Eighth Sichuan Provincial People's Congress is 982, and the number of those who are attending today's session is 925. This constitutes a quorum. Those who are attending today's opening ceremony by invitation include all those who participated in the First Session of the Seventh Provincial CPPCC and the chairman and vice chairmen of the Seventh Provincial People's Congress. I now announce the opening of the First Session of the Eighth Sichuan Provincial People's Congress. Will all the participants please rise. Play the national anthem! [end recording]

There are two items on the agenda of today's session: Vice Governor Xiao Yang's government work report and the approval of electoral methods for the First Session of the Eighth Provincial People's Congress. [passage omitted]

Tibet Upgrades Telecommunications, Postal Services

OW0602125993 Beijing XINHUA in English
1132 GMT 6 Feb 93

[Text] Lhasa, February 6 (XINHUA)—Telecommunications and postal services in the Tibet Autonomous Region have undergone rapid development in the recent past.

Last year, Lhasa, capital of the autonomous region, opened up 5,000 automatically-controlled telephone lines, which doubled the city's telephone capacity.

The region has completed construction of 58 VSAT earth satellite stations; VSAT equipment is now being shipped to Tibet for installation.

Tibet has also opened two international postal routes from Lhasa to Nepal and India.

Statistics show that international long-distance calls and calls from Lhasa to Hong Kong and Macao are increasing, respectively, at annual growth rates of 110 percent and 255 percent.

The government began to make large investments in telecommunications and postal services in 1991, the first year of the "Eighth Five-Year Plan period." Last year, the regional government invested 43.91 million yuan in fixed assets for the services, an increase of 3.9 times over the total investment in the period 1986-90.

Over the next few years, regional investment in the services is expected to reach 336.2 million yuan.

A second-class, 330-kilometer-long optical cable extending from Lhasa to Shannan and Xigaze will be installed during the Eighth Five-Year Plan period (1991-95).

The region will also set up six satellite stations to improve telecommunications services.

Six prefectures and 51 counties in Tibet will install automatically-controlled telephone exchanges, while seven prefectures will enter the region's long-distance telephone network.

Returned Tibetans Receive New Year's Day Visits

OW0402161993 Beijing XINHUA in English
1545 GMT 4 Feb 93

[Text] Lhasa, February 4 (XINHUA)—With the Tibetan New Year's Day approaching, officials of Lhasa city and the Tibet Autonomous Region visited and extended festival greetings to all 100 Tibetan families who have returned in recent years from abroad to settle down in Lhasa.

The officials presented khata, a piece of white silk, to express respect to the returned families and gave butter, milk powder, tea bricks and other gifts to them.

Cering Lhamo, 28, who returned from India in 1980, was one of the Tibetans to be visited. She and her husband are now working in the city Tourism Administration as tourist guides. Her family lives in a two-story house provided by the local government.

The local government will organize other celebrating activities for returned Tibetans as well as those who have come to Lhasa from abroad to visit their family members or relatives before the Tibetan New Year's Day.

North Region

Beijing Secretary on Foreign-Funded Enterprises

OW0602134293 Beijing XINHUA Domestic Service in Chinese 0832 GMT 6 Feb 93

[By reporter Xu Renjie (1776 0088 2638)]

[Text] Beijing, 6 Feb (XINHUA)—Commenting on issues about opening up to the outside world, Chen Xitong, member of the CPC Central Committee Political Bureau and secretary of the Beijing Municipal CPC Committee, pointed out recently that Beijing should give

full scope to its resources, seize the opportunities, and open wider to the outside world in all directions and at all levels so that more foreign-funded enterprises can be built with foreign investment.

Speaking at a meeting with some deputies attending the first session of the 10th Beijing Municipal People's Congress—which ended recently—Chen Xitong said: Beijing is superior in many areas. Beijing is the nation's political and cultural center and a center of international exchange; it has many diplomatic organs, foreign firms, and food, hotel, and recreational services; and it also has many cultural relics and historical sites. We should give full scope to these resources in our endeavor to open wider to the outside world and develop ourselves.

It has been reported that Beijing has achieved conspicuous results in using foreign capital in recent years. By the end of 1992, 942 foreign-funded enterprises had opened for business, and these enterprises had yielded 11.46 billion yuan of total output and 550 million yuan of profits. So far Beijing has approved the establishment of 3,769 foreign-funded enterprises with a total negotiated capital of \$8.11 billion and negotiated foreign capital of \$3.95 billion.

Chen Xitong pointed out: We should make greater efforts to bring in and use foreign capital, taking full advantage of the favorable situation at home and abroad and the favorable conditions in the capital, as well as the capital's uniqueness and the course of its industrial restructuring. To arouse the enthusiasm of all quarters even more broadly and give even greater scope to the capital's potential, we should encourage both urban and rural areas to undertake large, medium, and small projects—both new- and high-technology and labor-intensive projects. Meanwhile, while building developmental zones, developing high- and new-technology industries, and rebuilding traditional industries, we should pool our resources and build a number of large and technologically advanced projects. We should make every effort to avoid redundant construction and the purchase of technologically low projects. We should bring in more foreign capital for developing production of agricultural goods that can earn foreign exchange and, on a trial basis, set up joint ventures in the tertiary industrial sector, such commercial businesses, telecommunications services, information service, consultative services, banking services, and real estate. Efforts should be made to build the infrastructure with foreign capital.

Chen Xitong also pointed out that efforts should be made to speed up the legislation and improvement of relevant regulations and rules compatible with international norms so that investors will be protected by law and foreign-funded enterprises can achieve higher economic returns.

Hebei Makes Arrangements for Key Projects

SK0802033893 Shijiazhuang Hebei People's Radio
Network in Mandarin 2300 GMT 6 Feb 93

[Text] On the morning of 6 February, the provincial leading group in charge of the construction of key projects held the first plenary session in 1993 to research arrangements and funding for the construction of the key projects in 1993 and to solve problems in building the projects. The province has decided on 159 key projects, of which 13 will be undertaken by the state and ministries and 40 will be undertaken by the province.

Twenty key projects, including the first-stage project of the Xibaipo power plant, the first-stage project of the Qinhuangdao power plant, the first-stage project of the Hengshui power plant, and the Zhengding Civil Airport in Shijiazhuang have been listed as the most important projects. These 20 projects are the major infrastructure projects which will greatly influence the province's economic development and the people's livelihood. They are the backbone projects that will play an important role in readjusting the provincial industrial and product structures.

The province plans to invest 11.5 billion yuan in key projects. Thus far, however, the source of 1.4 billion yuan and part of materials are uncertain. In light of these problems, Executive Vice Governor Ye Liansong pointed out at the session: Increasing the investment in fixed assets and unfailingly grasping the construction of key projects are the urgent demands for readjusting structures, increasing the development momentum, and building a strong economic province. To complete the construction of key projects this year, the tasks are very arduous. Various departments directly under the provincial authorities, various prefectures and cities, and various related units should further emancipate the mind, deepen reform and opening up, actually ensure the quality of projects, accelerate the speed of construction, and increase the return of investment. Banking departments should try every possible means to raise funds to ensure the supply of funds and materials. In addition, we should strengthen leadership over the construction of key projects, define the duties of respective departments, and unfailingly grasp the construction of key projects according to the method of making each department assume responsibility to enable many of key projects to play their role as early as possible.

Hebei Secretary Inspects Cangzhou Prefecture

SK0702040493 Shijiazhuang Hebei People's Radio
Network in Mandarin 2300 GMT 6 Feb 93

[Text] During his investigation and study tour in Cangzhou 4-6 February, Cheng Weigao, secretary of the provincial party committee and governor, stressed the necessity to strengthen the degree of reform, speed up the pace of reform, strengthen the quality of the economic work, improve the quality of the work in various spheres,

bring the local advantages into full play, and speed up the construction of the economically well-developed areas.

Cheng Weigao visited Huanghua Harbor and six enterprises in Huanghua city, Cangxian County, and Qingxian County; heard the work reports delivered by Cangzhou Prefecture and city party and government leaders; attended the Cangzhou Prefectural meeting of cadres at or above the township level; and also made an important speech at the meeting. Vice Governor Gu Erxiong also joined the investigation and study activities.

In line with the guiding ideology of the current economic work and the problems relating to the style of leadership, Cheng Weigao stressed: We should strengthen the degree of reform, attend to both new projects and reform measures, enliven the existing enterprises, and accelerate the speed of opening to the outside world. Relatively speaking, Hebei is quite slow in opening up to the outside world. So, we should grasp favorable opportunities to speed up the pace of opening to the outside world. We should strengthen the quality of the economic work. In developing the economy, we must not only pay attention to speed, scale, and projects. But, we should pay more attention to the improvement of the economic structure, the economic results, and the economic quality. We should solve the deep-layered contradictions in economic construction. The cadres at various levels should do concrete deeds for the people and the economic construction and realistically fulfill the plans and measures that have been defined.

Cheng Weigao said: Cangzhou has longer coastal lines, a large harbor, two large oil fields, and rich natural resources. It is also located in the forward position of opening up the province to the outside world. Thus, speeding up the development of Cangzhou not only is conducive to promoting the development of the local economy but also helps promote the opening of the province to the outside world and the elevation of the province's economy to a new high. So, we should fully understand Cangzhou's strategic position and enhance the awareness of responsibility and the sense of urgency for speeding up the development of Cangzhou. The provincial party committee and the provincial government should regard Cangzhou as a strategic priority to promoting the province's reform, opening up, and economic development in the 1990's and comprehensively support the prefecture's development.

In regard to the construction of (?Hegang) railway line and Huanghua Harbor, Cheng Weigao pointed out: The projects are related to the overall situation of the country and the province. We should foster the thinking of taking the overall situation into consideration, try every possible means to achieve the work in this regard, and create conditions for building the projects in high quality.

Cheng Weigao also pointed out: We should build the party committees at various levels into [words indistinct]

for leading the economic construction. The local party committees, particularly those at the county and township levels, should [words indistinct], and be good at pooling the efforts of all fronts to promote the economic development.

Cheng Weigao also set forth his opinions on agriculture, town and township enterprises, science and technology, education, and the work style of cadres.

Gu Erxiong said: Developing town and township enterprises is of important, realistic, and historical significance. To rapidly develop the economy, we should vigorously develop town and township enterprises and let the peasants join the market economy, engage in business, and run enterprises. By so doing will we not only be able to improve the peasants' livelihood and develop the economy but also be able to change thousands of millions of the peasants' thinking and upgrade their quality.

Tianjin Foreign-Funded Firms Use High Technology

OW0802040193 Beijing XINHUA in English
0235 GMT 8 Feb 93

[Text] Tianjin, February 8 (XINHUA)—More and more foreign-funded enterprises in Tianjin city, north China, are turning toward the use of high technology.

In January of this year, there were 111 foreign-funded enterprises registered in the customs office, an increase of 5.3 times over the same period last year, and most of them plan to produce high technology products.

Last year, the import and export value of foreign-funded enterprises reached 740 million U.S. dollars, and this accounted for 26.5 percent of the total amount of foreign trade in the city.

According to the customs office of Tianjin, at present, foreign-funded projects are turning their focus from labor-intensive to technology-intensive production.

About 20 percent of foreign-funded projects approved last year in the Tianjin Economic and Technological Development Zone involved computers, macro-electronics, telecommunications, integrated machinery and electronics, and refined chemical and biological products.

According to official statistics, the size of foreign investment on the whole in the city is on the increase. Foreign investment in the Tianjin economic and technological development zone accounts for a third of the total investment in approved projects; the average investment in a project reached about 2 million U.S. dollars, and there are 14 enterprises whose investment exceeds 10 million U.S. dollars each.

Foreign-funded enterprises are also entering new areas of the economy, including commerce, service trades and real estate.

Northeast Region

Heilongjiang Colleges Conduct System Reforms

SK3101045893 Harbin Heilongjiang People's Radio
Network in Mandarin 2200 GMT 30 Jan 93

[Text] The provincial party committee and people's government recently issued a directive on encouraging higher educational institutions to deepen their reform and to bring the scientific and technological strong points into play so as to render services for economic construction and social development. The content of the directive includes: Higher educational institutions may employ and dismiss independently their cadres who hold deputy posts or lower. They may conduct personnel transfer, allocation, award, and punishment and directly employ their teachers, staff members, and workers. They may decide independently the distributions of wages, subsidies, and bonuses. They may make arrangements and independently use the education funds appropriated by the state and funds obtained from other channels. They may independently formulate the standard of tuition and other charges of students attending classes, who are studying at their own expense, and who are attending night and correspondence classes. They may readjust the establishment of specialized courses and the orientation of these courses and adequately increase the quota of regulating plans for student enrollments. They may enlarge the enrollment quota of students who study at their own expense and the quota of day students. The high- and new-tech enterprises run by institutions in the development zones or in their own areas may enjoy the state preferential policy set for the high- and new-tech industrial development zones or the preferential policy set for school-run enterprises. They may increase the input in scientific and technological projects undertaken by them. Foreign exchanges earned by the higher educational institutions' enterprises and earned from their scientific and technological projects within five years may be entirely retained by the institutions.

Jilin Secretary's Speech at CPC Committee

SK0302115193 Changchun JILIN RIBAO in Chinese
16 Dec 92 pp 1, 3

[Speech by He Zhukang, secretary of the Jilin Provincial CPC Committee, at the 10th Plenary Session of the Fifth Jilin Provincial CPC Committee on 26 November, entitled: "Conscientiously Implement the Guidelines of the 14th CPC Congress and Push Our Province's Reform, Opening Up, and Modernization Drive to a New Level"]

[Text] Comrades:

The main tasks of this plenary session of the provincial party committee are: to further profoundly understand the 14th CPC Congress guidelines; to arm our minds with the theory on building socialism with Chinese characteristics; to renew concepts; to study work plans and major measures for implementing the 14th CPC Congress guidelines in line with the province's reality;

and to push our province's reform, opening up, and modernization drive to a new level. In the following, I will include three issues in line with the ideas made during the discussions of the members of the Standing Committee of the provincial party committee.

1. Use the Theory on Building Socialism With Chinese Characteristics To Arm the Party-Member Cadres Throughout the Province, Boost Confidence, and Change Ideas

The 14th CPC Congress, which has the significance of inheriting the past and ushering in the future and in carrying forward the revolutionary cause and forging ahead into the future, was one of unity and success. The whole party hails its success; all the people are greatly encouraged; and the world has paid great attention to it. It is another important milestone in our party history. Its distinctive feature and major contribution is: Like the Seventh CPC Congress, which designated Mao Zedong Thought as the guiding ideology of the whole party's work and enabled our party to win final success in the new democratic revolution, the 14th CPC Congress has designated Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics as the guiding ideology of the whole party's various tasks. It is of unmeasurable and major significance in guaranteeing that our country will win final success in its socialist cause.

The theory on building socialism with Chinese characteristics has, for the first time, fairly systematically provided an initial answer in nine aspects—the socialist development road, the development stage, fundamental tasks, the motivation for development, the external conditions, political guarantees, strategic steps, leadership force, and the backing power—and the tentative strategic plan for realizing the motherland's reunification and for such an economically and culturally fairly backward country as China to solve a series of basic issues as how to build socialism and how to consolidate and develop it. This theory has condensed the practical experience of our 14 years of reform and opening up and included the experiences of the previous 29 years as well as foreign experiences; it is the crystallization of collective wisdom of the whole party and the people across the country and the outstanding contributions of Comrade Deng Xiaoping; and it has the characteristics of China and a definite universal meaning. It is the latest achievement made by combining Marxism with China's reality and is the Marxism of China of the present day and a scientific socialist theory. Practice has proven that this theory is correct and has become a spiritual pillar for uniting the whole party as one ideologically and politically during the new historical period; a powerful weapon for guiding us to do well in all fields of work; a banner for pooling the will of the whole party and all the people to dedicate heart and soul to the same cause, to work hard and to advance triumphantly; and a magic weapon for emancipating minds, arousing one's wisdom, and guiding us to carry out our work creatively. Arming

the whole party with this theory is a fundamental guarantee for accelerating reform and opening up and for making big strides on our way to building socialism with Chinese characteristics.

The first task for implementing the guidelines of the 14th CPC Congress is to arm people's minds with the theory on building socialism with Chinese characteristics, to renew concepts, change minds, and enhance the awareness and steadfastness in implementing the party's basic line. After the practice of the 14 years of reform and opening up, our province's broad masses of party members and cadres have unceasingly emancipated minds, renewed concepts and improved themselves. However, we are far behind in measuring the tasks lying ahead of us in line with the theory on building socialism with Chinese characteristics. The "leftist" ideological shackle, the concept on value, the criteria of right and wrong, and the way of thinking have impeded our pace of advance to varying degrees. Relatively prominent expressions in this regard include the casual, muddled understanding of the relationship between politics and the economy, between the upholding of public ownership of the means of production and the development of diversified economic structure, between planning and markets, between the upholding of the principle of having all people mutually become wealthy and of the principle of having some people become wealthy in advance, and between independent self-development and the method of expanding the opening up to attract outside funds. Included in these is the frequent vacillation of work orientation. Reasons for these problems are multiple; however, what has truly hindered our progress is the "leftist" influence. Although we always oppose the "left," some comrades still unconsciously group with the "leftists" as soon as they encounter specific problems. The "leftist" crucial points are to forego reality by following the abstract principles and by proceeding from book worship and not to abide by the objective law; this often leads to the failure of revolution. The currently concentrated expression of the "leftist" harmfulness is the interference in the reform and opening up with the economic construction as a center. This exerts adverse influence on the development of productive forces and on the task of bringing the socialist superiority into play. The "leftist" influence not only is revolutionary in appearance and bluffs the people by putting a large label on them but also is deeply rooted and affects the situation in both depth and width. It has become a stubborn illness in the people's minds over the past decades and will have a relapse and make trouble as soon as the opportunity arises. It is particularly important for us to guard against relapse and the practice of making trouble. Now, we are increasingly and deeply aware that the vigilance against the right repeatedly stressed by Comrade Xiaoping and the main vigilance to prevent the "left" have very important significance, indeed. Phenomena occurring in history and reality have shown that it is difficult for us to make the economy and province prosperous without rooting out the "leftist" influence,

and the economic development gap between our province and the advanced provinces and cities will not increasingly shrink but will grow increasingly larger. Meanwhile, localities throughout the province will fail to fulfill the target of improving the economy to a new level within three years. The spirit of the 14th CPC Congress has directed us to change our minds, and the experience gained by the advanced provinces has prompted us to rapidly change our minds. Our province's task of improving the economy to a new level within three years requires us to change our minds early. To improve the economy to a new level, we must improve our ideology and understanding to a new level. We must fully understand the pressing importance of renewing the concepts and changing minds; go into action realistically; and launch an ideological emancipation campaign in the province so as to totally sweep away all out-dated concepts and fetters that are hindering the reform, opening up, and productive forces development. To this end, we should emphatically deal with the problems in the following five aspects:

First, we should deeply understand and master the quintessence of the theory of building socialism with Chinese characteristics and further emancipate our minds. Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics provides a complete system and very rich contents. Every aspect in the theory is very important; however, its quintessence is to emancipate minds and seek truth from facts. It is a sharp weapon for us to win a victory by overcoming the difficulties and also is a magic weapon for our party to maintain forever the flourishing vigor of its undertakings. Our basic experience gained in the reform and opening up over the past 14 years is to emancipate minds and to uphold the principle of seeking truth from facts by boldly proceeding from reality. Emancipating minds represents a long-term task that conforms the law of world development and brooks no stagnation. Life without metabolism will stop, and the society without ideological renewal will lack progress. Emancipating minds and seeking truth from facts represent a dialectical entity, are the same thing essentially, and represent a basic way for the people to approach the truth and obtain success. What we should point out at present is that we have not totally emancipated our minds but lag behind somewhat in this regard. Fairly noticeable indicators are as follows: We have neither the daring nor the pioneering spirit to conduct reform and develop. We persistently seek stability and fear disturbance. Although other people have gone into action, we are still in the state of hesitation and disputes. Other people have succeeded, but we still adopt a wait-and-see attitude. With various ideological obstacles, we often fail to carry out and popularize some good ways and experiences pioneered by ourselves. We do not have a strong spirit of seeking truth and doing pioneering work and still persist in the old way of thinking and the old work methods. Therefore, further emancipating the mind is still of the utmost importance. In the final analysis, emancipating the mind means changing ideas. To change ideas, we

should replace all outdated traditional ideas with the theory of building socialism with Chinese characteristics; the way of thinking formed under the planned economic system with the new thinking of building the socialist market economic system; the abstract dispute to judge whether a move is "socialist" or "capitalist" with the "three-conducive" standards; and make observations in line with the requirements of grasping favorable opportunities and speeding up development. We should persist in the standard of practice, proceed from reality, and creatively do our work. Only by so doing will we be able to undertake the arduous task entrusted by history.

Second, we should eliminate the concept of regarding socialism as unscientific and even distorting socialism; define the essence of socialism as being to liberate and develop productive forces; and finally seek common wealth. We should use the theory of socialism with Chinese characteristics to arm the thinking of party members, cadres, and people in the province. These are the key aspects for deeply understanding the essence and special characteristics of socialism. To mobilize all party members of the province to guide the broad masses of the people to successfully advance under the new situation, we should conduct reeducation on socialism. Simultaneously, we should define the ownership system as being large in size and collective in nature, the distribution system as being everybody eating from the same big pot, and the unitary planned economic pattern as not being the essence and special characteristics of socialism. The essence of socialism is to liberate and develop productive forces, to eliminate exploitation, to eliminate polarization, and to finally seek common wealth. We should use this basic viewpoint to correct the concept of regarding socialism as a doctrine or a theory beyond the historical stage. We must no longer regard the features that do not belong to socialism as socialist features, consider the targets that will be realized after a considerably long historical period as the tasks that must be fulfilled today, or regard all the achievements common in human civilization as adopted by capitalism as something that goes against us that must be opposed. Over the past 14 years since we started to carry out the reform and open policy, we have explored and created many new features, including the implementation of the system of contracted responsibility on the household basis with payment linked to output, the development of private and individual sectors of the economy, the development of foreign-funded enterprises, the trial implementation of the shareholding system, and the separation of government functions from enterprise management. All this results from the renewal of the understanding about socialism, the effective liberation and development of productive forces, and the specific practice of building socialism with Chinese characteristics. We should eliminate the trammels of abstract principles and unscientific socialist ideas, have the theory of building socialism with Chinese characteristics strike root in the people's brains, and theoretically and thoroughly ensure the consciousness and firmness in ensuring the progress of reform and opening up.

Third, we should thoroughly eliminate the puzzles caused by the issue of dubbing one "socialist" or "capitalist," and regard the proposal of "doing things conducive to three aspects" as a fundamental criterion for measuring the success in all fields of work. This criterion has reflected the demand of the essence of socialism, combined the criterion of productive forces with the knowledge of truth and the target of value, and manifested the thorough materialist viewpoint of integrating the criterion of practice with that of productive forces. It is a yardstick for judging the right and wrong and the success or failure in our various fields of work. The more we understand this criterion, the braver we will become and the stronger our enthusiasm for blazing new trails will be. Some of our comrades have failed to fully understand that reform and opening up is the self-perfection and development of the socialist system under the leadership of the Communist Party. As a result, they always have worries and fear of one thing or another. The crucial issue is dubbing one "socialist" or "capitalist." The fundamental issue involved is that the criterion of "doing things conducive to three aspects" has not been established or firmly fostered in the guiding ideology. People often sit down to study and hold discussions, seek unity in understanding, and agree in principle. However, while dealing with specific issues, they frequently stall in such aspects as whether one is "socialist" or "capitalist." This is a manifestation of the ossified way of thinking. Comrade Xiaoping once said that the special economic zones should practice "socialism" and not "capitalism," and the individual and private economy is a valuable supplement of the socialist economy of public ownership. This has clearly explained the issue. What else should we worry about? In fact, some specific matters are quite complicated and cannot be judged or determined by simply naming them "socialist" or "capitalist." Even if they are capitalist, we may use them, because this is unimportant in socialist China which is ruled by the Communist Party. Therefore, we should not recklessly dub and label everything "socialist" or "capitalist." This does not mean that we have paid no attention to our orientation. We should proceed from the functions and effects and dare to treat and handle the new methods and new features emerging in reform, opening up, and economic construction in a fact-seeking manner. This absolutely conforms with the persistent ideology of Comrade Xiaoping. We should have courage to support whatever is beneficial to the people in a clear-cut manner. With regard to what is good for economic development, we should first try to accomplish it and then consider how to eliminate the bad and boost the good and give correct guidance. By no means should we refrain from doing whatever is necessary for fear of a slight risk and simply impose restrictions. The building of socialism is a process of uninterrupted creations. There is no ready-made pattern for us to copy mechanically. Actually, we should not do so. As long as we uphold the Communist Party leadership and persist in taking the public ownership of the means of production and distribution according to labor being the mainstay and common prosperity being the objective,

we may try all reform measures conducive to the development of socialist productive forces; dare to support any newborn feature; and have courage to draw the advanced managerial experience of any countries. We should create a relaxed environment and enable the people to thoroughly free their way of thinking from the puzzle of "socialism" or "capitalism," and go full speed ahead in creating a new situation for carrying out socialist modernization.

Fourth, we should deeply understand that building the socialist market economic system is a revolution. It is necessary to eliminate the misgivings that the development of the market economy will disrupt the economic order and dissolve the public ownership. Establishing the socialist market economic system is one of the important components of the theory on building socialism with Chinese characteristics. In the distribution of social resources, the shift away from planned guidance to market guidance is a fundamental change. The planned guidance still exists, but should be established on the basis of the market economic law and should give play only to its role of macroeconomic regulation and control. The decision on the target of conducting reform among economic systems represents an important breakthrough made by our party in the Marxist theories and also represents the historic choice made by our party through the 14-year practice of reform and opening up and by summarizing the national and international positive and negative experiences. It will certainly have an important and far-reaching significance in tremendously promoting the development of productive forces. People often regarded either the planned or market economy as a basic social system in the past as well as a basic sign to make a distinction between socialism and capitalism. They did not regard them as an economic system but regarded them as a method to regulate the economy. This concept has exerted deep influence among the people. Therefore, some people are still worrying that the market economy will lead to unfair distribution and a chaotic economic order and will finally disintegrate the public ownership of the means of production. All these worries are groundless. Our market economy is of socialism and is based on the public ownership of the means of production, which is under the CPC's leadership, and on the main body of distribution according to work. What we have changed in this regard are the economic structure and the economic operation styles, but we have retained the basic economic systems unchanged. Therefore, in establishing market economic systems, we should have them conform with the objective economic law; have them deal with the longstanding malpractices occurring in the planned economic systems; integrate organically the strong points of markets with those of planning; and better emancipate or develop social productive forces. In addition, we also should have these systems become inevitable demands for deepening the reform and expanding the opening up and become favorable for connecting our country's economy with the world's. Turning the planned economic systems into market economic system does not

mean repairing the minor details of outdated systems but means a profound revolution. It will certainly involve the economic foundation and almost every aspect in the superstructure. Departments from the party to the government and from the economic circles to the noneconomic circles should carry out corresponding changes in ideological guidance, policies, regulations, and in the styles and methods of specific work. This is the main historical trend, and they have to change. Leading cadres at all levels should replace their "fear" with "boldness," seize the opportunity, meet the challenge with a new outlook, and realize a change as soon as possible so as to improve the province's economy to a new level.

Fifth, we should further deal with the problem of halfheartedly regarding economic construction as the center and truly achieve the unswerving maintenance of the party's basic line that is the core content of the theory of building socialism with Chinese characteristics. This will affect the whole situation, direct the whole situation, decide the trend of the whole situation, and will be our lifeline in building and developing socialism. The key to unswervingly maintaining the party's basic line lies in unswervingly upholding the economic construction as the center and correctly dealing with the relationship between the two basic points. Hereafter, we must not change the center of economic construction no matter what situation we have encountered along our road of progress and should create favorable conditions for concentrating on boosting the economic construction. This will become an unswerving principle for us, and we should uphold it forever. We should concentrate on dealing with the problem of some regarding the economic construction as a center by words only and being slack, wavering, and being divorced from the center. We should do the practical work and particularly deal with the contradiction between the entire party's work and that of each department as well as between the whole interest and partial one. In unswervingly upholding the party's basic line, we must uphold one center and by no means should we foster multiple centers. This represents the demands set for the entire party. Every party member and particularly party-member leading cadres should consciously enhance their sense of the center, do a good job in conducting their own work in line with the demands of the party's basic line, and vigorously render services for the whole economic construction situation. In implementing the spirit of the 14th CPC Congress and truly grasping the implementation and doing practical deeds, what is most fundamental is to firmly grasp this principle.

Arming the entire party with the theory of building socialism with Chinese characteristics is both an important task for understanding and an arduous task concerning practice. After turning this theory into the entire party's common understanding and a guide its action, we should study ways to embody it in our specific work. We should define our targets, tasks, principles, and policies and formulate the specific criteria for supervising and judging the various fields of work in line with this theory:

step up efforts to establish necessary laws, regulations, and systems based on this theory; and use this theory to improve party building, conduct cadres' education, and mobilize the masses successfully.

The most important task for the present is to study still better the documents of the 14th CPC Congress. The propaganda departments of the party Central Committee and the provincial party committee have issued special circulars and given clear requirements on studying the documents of the 14th CPC Congress and the theory of building socialism with Chinese characteristics. Party organizations at all levels should conscientiously strengthen leadership and adopt various effective measures to intensify the study. Leading cadres at all levels should take the lead in studying the documents and in bearing actual conditions in mind. We should make our study profound and useful. Making the study profound means that we should comprehensively and thoroughly understand the essence and have a good command of the correct stance, viewpoints, and methods. Making the study useful means that we should use what we have learned to lead our practice, solve specific problems, and establish a revolutionary creative spirit characterized by courage in experimentation and work. Whether cadres, localities, or departments have understood and mastered the guidelines of the 14th CPC Congress, emancipated the mind, and changed ideas should be judged based on their practice and changes and not on how many times they have studied the documents and how many calls they have issued. First, we should see whether they have updated their concepts. Second, we should see whether they have changed their leadership styles and methods. Third, we should see whether the enthusiasm of cadres and the masses has been boosted. Fourth, we should see whether a new situation has been created in reform and opening up. Fifth, we should see the progress in raising the economy to a new level. The study of the documents of the 14th CPC Congress should be linked to the study of Comrade Deng Xiaoping's works and his important speeches given during his south China inspection. We should not only study hard and master Comrade Deng Xiaoping's strategic ideas and theoretical viewpoints but also learn from his scientific approach and creative spirit of using Marxist viewpoints, stance, and methods to study new situations and solve new problems so that we can improve our ideological level to a new height. Party schools at all levels should adjust their courses and teaching plans in line with the guidelines of the 14th CPC Congress and achieve success in the rotational training of their leading cadres so that they can study new theories and new knowledge well, improve their understanding and work, and meet the needs in accomplishing the historical tasks defined at the 14th CPC Congress. We should strengthen and improve propaganda and ideological work and greatly intensify the publicity of economic construction, reform, and opening up. The methods for the publicity should vary, major points should be emphasized, and the publicity should be extensive and in-depth. In this way, party members,

cadres, and the masses throughout the province can be guided to achieve a new leap in their ideas and mental attitude; and reform, opening up, and the modernization program can be promoted and make new headway.

2. Focusing on Establishing the Socialist Market Economy System, We Should Accelerate Reform and Opening and Achieve Faster and Better Results in Pushing the Economy to a New Level

In implementing the guidelines of the 14th CPC Congress, the most important task is to accelerate reform, opening up, and economic development in line with the requirement for establishing the socialist market economy system. The 14th CPC Congress gave the target of improving the entire economic quality and overall national strength to a new level by the end of this century. In June this year, based on Comrade Xiaoping's important speeches given during his south China inspection and the guidelines of the No. 4 document of the party Central Committee, the provincial party committee gave the target of mobilizing the people throughout the province to raise the economy to a new level after three years of hard work. This target conforms with those adopted at the 14th CPC Congress. In implementing the spirit of the 14th CPC Congress, we should continue to implement the tasks adopted at the work conference sponsored by the provincial party committee and integrate organically the implementation of the congress' spirit with that of the provincial party committee's tasks. In line with the demand of establishing the socialist market economic system, we should upgrade the levels of reform and opening up and the standard of economic development and foster as soon as possible the basic frame of the socialist market economic system so as to totally fulfill the tasks of improving the province's economy to a new level within three years.

Under the encouragement and push of the important speeches given by Comrade Deng Xiaoping during his inspection tours in the south and of the spirit of the plenum sponsored by the CPC Central Committee's Political Bureau in March, the enthusiasm of cadres and the masses throughout the province has been unprecedentedly heightened since the beginning of this year. Cadres and the masses have united as one and vigorously strived to fulfill the target of improving the economy to a new level within three years. They have continued to emancipate their minds, achieved depth and width in the development of reforms, and made a larger breakthrough in the scope and field of opening. Thus, the construction of 10 key projects has been accelerated; the economy has entered a period of faster increase; economic results have improved for the better; and the economic operation has become normal. The first year's target of improving the economy to a new level within three years is expected to be fulfilled basically. The construction of spiritual civilization has been more firmly grasped, and the development trend has been better. The people of both urban and rural areas have continued to improve their livelihood, had peace of mind, been fully confident, and had much enthusiasm.

The current situation in the province is very good. However, we should also soberly note the shortcomings and lack, the existing difficulties and contradictions, and the difficulty of tasks.

The year 1993 is an important period for us to make progress in establishing the socialist market economic system and also a crucial period in which the province's economy will be improved to a new level. Judging from both national and international situations, the year 1993 will be a new opportunity for us to achieve development. We must seize the favorable opportunity and focus all our work on accelerating the development. The major targets of economic development in 1993 will not only be higher than those of this year but also be higher than the average level of the demand set for improving the economy to a new level within three years. The guiding ideology of the province's work is as follows: Efforts should be made to deeply implement the spirit of the 14th CPC Congress; to accelerate the reform and opening up by regarding the economic construction as the center and in line with the demand of developing the socialist market economy; to actively foster new system; and to fulfill the tasks of improving the economy to a new level in the year. In line with this guiding ideology, we will have a great deal of arduous and complicated work to do next year, and in particular establishing the socialist market economic system will become a new task of extreme importance. Party committees and governments at all levels as well as various enterprises and institutions should, from now on, concentrate on carrying out specific studies and making early arrangements in this regard. Efforts should be made to intensively formulate the overall plan for establishing the socialist market economic system, to define the targets for 1993, and to seize the focal points to deal with the crucial problems. In view of the entire province, a good job should be done in emphatically grasping the following tasks:

A. We should accelerate the transformation of business mechanisms among the state-owned enterprises and particularly among large and medium-sized enterprises and have enterprises enter markets. Enterprises are the main body of markets. In establishing the socialist market economic system, first of all we should enhance the micro foundation of the new system and have all enterprises truly become legal entities "that should become producers and operators of socialist commodity production and that are independent and responsible for their own profits and losses and capable of transforming and developing themselves." We should also have them become the main bodies of market competition. Therefore, we must quicken the transformation of business mechanisms among enterprises and have enterprises open their business operations under the state macro readjustment and control and regulate their operation or decide their production and business by chiefly relying on markets. We should also have markets decide the fate of enterprises. Such a transformation must be carried out and accelerated. All state-owned enterprises should step

up their efforts to reform their internal systems in line with the demand of the socialist market economy, clearly define the relations between enterprises and the state and improve the property rights relations. How to make enterprises run independently, assume sole responsibility for their own profits and losses, and become the main body of interest under the situation of how to keep the final property rights of state-owned enterprises in the state's hands and how to supervise state-owned assets so that their value is maintained and increased are a practical and important issue which we must conscientiously study and actively explore. We must deepen enterprise reform in line with this demand and lay stress on the following seven aspects:

First, we should pay attention to implementing the "Regulation on Changing the Operational Mechanism of State Industrial Enterprises," and unconditionally delegate all decisionmaking powers that are prescribed in the "Regulation" to enterprises as quickly as possible. All enterprises, including enterprises whose three types of powers are in the hands of the higher levels and departmental enterprises should also actively implement the guidelines of this "Regulation" on their own initiative. No person or unit is allowed to prevent them from doing so. The provincial government should issue detailed rules for implementing the "regulation" as soon as possible.

Second, we should further perfect the operational contract system, and adopt different contract methods according to different types of operation. We should mainly implement the all-staff property contract system among enterprises which have the capacity to compete on the market in line with our province's situation; mainly implement the system of management by objective among enterprises which mainly pay attention to social benefits and are monopolized by the state as well as large and medium-sized enterprises with heavy technological transformation tasks, and allow some of them to implement the input-output overall contract system in line with the stipulations of the state's relevant policies; and order some poorly managed medium-sized and small enterprises or those which are not necessarily run by the state, particularly those small enterprises and some medium-sized enterprises that have suffered losses, whose assets cannot pay off their debts, and have no hope to survive to amalgamate with other enterprises, to lease or to rent to other units, or be auctioned off. Those enterprises which cannot be sold for the time being must be sold on credit to workers through legal procedures, and the debts must be gradually paid off after profits are made. Some enterprises may also be operated by workers on an unpaid basis after approval and some may even receive a certain amount of subsidies from the state. After that, these enterprises may change their nature and the state will no longer manage them. Some enterprises which have no hope to survive must declare bankruptcy. The people's courts should handle their cases and help them clear accounts in line with the stipulations of the "bankruptcy law" of enterprises. By so doing, the state

may suffer some losses. However, if the state does not handle it this way, it will suffer even greater losses over time. In this aspect, we must adopt administrative means. All localities should designate some enterprises and order them to rent, sell, or auction their business to other units, or to declare bankruptcy within a time limit. Many people are worrying about two issues, namely poor reputation and bad opportunities for their workers. All these are manifestations of unemancipated thinking. Under the conditions of the socialist market economy, the assets of state-owned enterprises in reserve may also be regarded as commodities. By selling some enterprises or part of the assets of enterprises, the state may revitalize the funds and earn profits, and may concentrate funds on key projects, necessary institutions, and developmental new industries. This move is conducive to readjusting structure, raising the level of technological installations, removing burdens, and enabling many enterprises to survive again. This is an affair that can bring many benefits. With regard to the work opportunities for workers, we may adopt different methods and resolve them through consultation according to the merit of different cases. The original workers may retain their former status; workers of bankrupt enterprises may enjoy unemployment insurance within a time limit; and retired workers may enjoy social security insurance. No matter what methods we adopt, we must not delay the time, because the longer we delay the greater the number of problems that may arise. It is impossible for us to conduct a profound revolution without paying a price or to carry it out without any difficulties. We must allow and encourage private and individual economic units, enterprises in other localities, and foreign investors to merge with enterprises or to rent and buy state-owned enterprises. We should know that selling and auctioning some state-owned enterprises and some assets of enterprises is like issuing shares in essence. It is one of the methods for pooling construction funds from the state and enterprises. In addition, it also has a positive meaning in other aspects. We should have the courage to take big strides in this regard.

Third, we should continue efforts to experiment actively with the shareholding system. The shareholding system of the responsibility limited company whose shares are purchased by their staff members and workers or legal persons has conspicuous advantages and bears no great risks. We should be more active in developing it before standardizing it. More enterprises should conduct this experiment next year. Large enterprises, such as the Changchun No. 1 Motor Vehicle Plant and the Jilin Chemical Industrial Company, that possess the conditions for issuing shares on the market should step up their early-stage work and strive to obtain early state approval so that they can issue shares as soon as possible. The commissions for restructuring the economy and banks should conscientiously summarize and study the experiences and problems in the experiment on the shareholding system.

Fourth, enterprises should make their basic accounting units smaller. Branch plants, workshops, institutions,

and rear-service units which have personnel who can become first-level legal persons independent in accounting should become first-level legal persons and enter the market directly; and those who cannot become so should also carry out their own accounting in line with the principle of the market economy. We should disseminate the experiences of some enterprises which have diversified their businesses while focusing on one trade because such experiences are effective measures to tap the potential of enterprises and comply with the market economy.

Fifth, we should actively explore ways to build the mechanism for the interests of enterprises. When enterprises belong to the state, they and their staff members and workers show little concern for state assets. Generally and theoretically speaking, staff members and workers are masters of enterprises. In reality, however, fairly large numbers of staff members and workers do not consider themselves masters when treating state assets. To make them more concerned about state assets, we should consider the mechanism of interests. One measure is for enterprise staff members and workers to purchase shares. We should also encourage enterprises to develop themselves and voluntarily use their own funds and loans to expand production to improve economic efficiency. An important issue involved is to clarify the ownership of property and profits. If all the property and profits belong to the state, enterprises' enthusiasm will be dampened. We declare that if state-owned enterprises use their legally retained funds and the loans to be repaid after tax payment to increase their property, the increased part should be counted independently and should belong to enterprises, and that this is another form of public ownership, and the profits should belong to enterprises. We should actively probe into this issue in both theory and practice.

Sixth, all new enterprises should operate and be managed according to new systems and new mechanisms from the very beginning and should enter the market directly. The new branches and workshops of old enterprises should also adopt new systems and new mechanisms. As has been proven in practice, it was not good for enterprises to run society because this does not conform to the requirement of the market economy. Therefore, old enterprises should exert utmost efforts to apply new regulations and new methods to new employees.

Seventh, we should open enterprises wider to the outside world and create favorable conditions for them to march toward the world market. Enterprises which have the conditions for independent exports should strive for state approval to export directly and expand the business scale as much as possible. Many enterprises still lack the sense of direct participation in the world market and know very little about it. We should organize, encourage, and support them to march toward the world market bravely not only by exporting goods but also by developing technology and labor service exports and transnational companies. This is an effective way for enterprises

to increase their competitive edge and to improve their quality and also the direction along which many enterprises should develop. Some small and medium-sized enterprises, including private enterprises, have achieved very good results in entering the world market since the beginning of this year. We should gain enlightenment from this. Instead of imposing restrictions on them, foreign trade and foreign economic relations departments of the state should actively support and guide them.

B. We should transform government functions and accelerate the reform of the administrative systems and organizations. Acceleration of the transformation of enterprises' operating mechanism requires the acceleration of the transformation of government functions. Only when these two transformations are conducted simultaneously can they promote each other. The current stagnant transformation of the government functions has affected the development of the reform and the economy. We should note that our current organizations have been established basically according to the planned economy system, and their functions and operating methods still mainly conform to the planned economy. The formulation of the targets and pattern of the new economic system inevitably requires that the government, as the superstructure, transform their functions and reform their administrative systems and organizations more quickly in line with the socialist market economy system and the principles of separating government functions from business management, of streamlining administration, and of being diligent and achieving high efficiency in administration. This is not only an important task for the political structural reform but also a key measure for establishing the socialist market economy system. Judging from the current situation and conditions, this reform can be conducted at higher and lower levels simultaneously and by and large can be accomplished in the province in the next year or the year after. We should first step up the formulation, appraisal, examination, and approval of the reform programs to make full and good preparations. Once the programs are decided, we should make the time for implementing them in as short a time as possible, because this is more advantageous. We should summarize the experiences of pilot units and, in line with the principle of the market economy, redesign the establishment of the organizations and define their functions. Powers that belong to enterprises should be returned to enterprises, and the government should not intervene in the microeconomic activities of the production and management of enterprises. Functions that belong to the government should be adjusted properly in line with the principle of unity between power and responsibility. Provincial-level functions of regulation and control should be changed from direct management to indirect management and should consist of less examination and approval but more promotion and guidance. In this way, a new macro regulatory and control system can be established on the basis that microeconomic activities can be decontrolled and the need for the development of

the market economy can be met. We should strive to complete the reform of the provincial-level party and government organizations next year. The focus is to streamline specialized economic managerial departments, changing most of them into economic entities and a small number of them into compact and efficient associations of various trades. The focus of the reform of the departments charged with overall responsibilities is for them to strengthen macroregulation and control and to greatly reduce specific work. We should further reduce mandatory plans and change direct control over money, materials, and projects into study of development strategies and plans, collection, analysis, publication of information, formulation of policies, laws, regulations, achieving overall balance, coordinating service, and conducting supervision and inspection. The government will no longer manage enterprises directly. The major target of government regulation and control should be the market; and laws, regulations, and economic means should be the major means of the regulation and control. The government should strengthen management of state assets and establish relatively independent organizations to manage state assets in a unified manner. Meanwhile, in line with the need for turning state assets into capital, we should establish several state asset managerial companies charged with the responsibility for investing in enterprises and managing state assets. We should reform the financial and accounting regulations and the enterprise cost system in a corresponding manner and facilitate the institution of the new accounting system so that our systems can come closer to the managerial and accounting methods of the world market. We have had only a rough idea on the aforementioned work so far, but we should march in this direction. We should strengthen the function of tax collection, persist in levying taxes fairly and according to law, and provide a good tax-collection environment for the fair competition of the various sectors of the economy. We should strengthen auditing, supervisory, and information consulting work and establish forecasting and warning systems for the economy. Industrial and commercial departments should further improve their work methods, upgrade their work level, lift the control on the scope of business, and relax the conditions for registration. In Changchun and Hunchun, we should learn from the methods of Yangpu and allow foreign-funded enterprises to register first before having their plans drawn up so as to make it more convenient for foreign firms to invest.

In the course of organizational reform, a considerable number of personnel must leave the party and government organs and be resettled in other units. These comrades, like the personnel staying in the organs, are our party's wealth with a fairly high level and quality. They should continue to give play to their leading role in the course of developing the market economy. Therefore, in settling the surplus workers during organizational reform, we must proceed from reality, and take positive and reliable steps. Generally, we may adopt three methods: First, we may change some organs into economic entities, then allow them to disconnect with

party and government organs. But the time for doing this must not be too long. Second, we may abolish some organs or merge them into other units and then arrange jobs for the personnel. Most of the personnel must be retrained and transferred to replenish the tertiary industry or to departments which should be strengthened. Third, we should allow them to apply for taking unified examinations for public servants, to retire, or to seek new jobs on their own. Organs which have been changed into economic entities will no longer have administrative functions or enterprise management functions, and they will not be allowed to forcefully place the present enterprises under their leadership or to collect management fees from them. The newly established economic entities must rely on their own development such as the development of new products and projects to run intermediary organizations that help to integrate science and technology with production, carry out technical consulting and information services, engage in the supply and marketing of products, and develop companies to sell goods on a commission basis like those in other countries. For the economic and service enterprises run by units and individuals released from the party and government organs, the governments and relevant departments should provide conveniences and special care in terms of finance, taxation, and loans within a certain time. It will not be allowed, however, to use the state property without paying for it or to set up enterprises in the offices of party and government organs. I reaffirm that party and government organs and their office cadres will not be allowed to engage in business or to run enterprises. Those who have done so should leave their organs as quickly as possible. Some office personnel have now actively asked for "going to the grass-roots units to engage in business." This is a good phenomenon. We should encourage them to do so. Those who can quit their official jobs must do so without delay and must strive to create conditions for this purpose. We must implement the public servant system in connection with organizational reform. Meanwhile, we should carry out reform in institutions and units. The county-level organizational reform and provincial-level organizational reform should be proceeded simultaneously.

C. We should actively cultivate and perfect the market system and deepen price reform. It is difficult for us to realistically establish the socialist market economic system without markets and a perfect market system. Leaders at all levels should concentrate energy on building the market, change their past practice of mainly paying attention to enterprises to the present practice of emphasizing the market, and actively cultivate and perfect the market system. First of all, we must effect a change in ideology and concept. The markets which we have established are few in number and low in level, far from meeting the needs. In the future, while making continued efforts to develop and perfect the capital goods markets, we stress cultivating the markets of

essential production factors. Governments should conscientiously devise plans, organize, coordinate, and promote the establishment of all sorts of regional and national specialized markets, wholesale markets, and futures markets, and gradually form different types and different scales of market networks. We should develop and expand local banking organs and nongovernmental banking organizations and actively create conditions to establish securities banking markets including the foreign exchange, bonds, and stock markets; develop labor service and personnel markets; establish the personnel exchange mechanism; form a comprehensive, specialized, and coordinated labor service and personnel market system with all functions; develop technology, information, and real estate markets; and establish all types of property leasing, transfer, and auction markets. While paying attention to market building, we should also accelerate the building of market systems and regulations, strengthen management over market performance, deal blows to, and ban all illegal acts. In connection with these activities, we should establish the service institutions needed for market operation, such as accounting and legal affairs offices. We should foster the market environment of equal competition and good market order so as to enable enterprises to engage in equal competition from the beginning. Enterprises, markets, and regulations represent the major factors of the market economy. We cannot dispense with a single factor, and we should attach equal importance to them and achieve simultaneous development among them. Prior to the central unified legislation, we should formulate local rules and regulations or governmental administrative regulations to deal with illegal activities, such as mutual blocking, mutual dumping of products, and monopoly of markets, as well as a series of practical issues, such as the management and transfer of stocks and property rights. We should also open these rules and regulations to the public and enforce the legalized management with higher openness.

Price reform is the central link in promoting mature markets, enlivening the commodity circulation, and establishing market economic systems. As soon as possible we should fix prices that are in line with the administrative measures and the costs so that they are in line with the market demands, we should gradually foster the mechanism of fixing commodity prices in line with the market demands. Except for a few special regulations, we should totally relax restrictions next year on the commodities' prices, which have basically maintained a balance between market supply and demand. In relaxing the price restrictions, we should distinguish among the different situation and give necessary subsidies to consumers for some commodities. Meanwhile, we should set up the foundation of readjusting and controlling prices and establish storage systems so as to bring the price hike scale under adequate control.

D. We should accelerate reform of the distribution and social security systems. Distribution is an important economic lever for reflecting the material benefit principle and bringing the enthusiasm of staff members and

workers into play, is very important for enterprises to shift their business mechanism, and whose reform should be accelerated. The general principle in reform is that we should make overall arrangements and simultaneously show concern for the interests of the state, collectives, and individuals and gradually straighten the relationship among them. We should not only bring the enthusiasm of enterprises' staff members and workers into play but also take price hikes into consideration and pay attention to social stability. These represent the important conditions for developing the socialist market economy. We should persistently honor the contracts signed with enterprises and leave these contracts unchanged. As for prominent problems occurring in these contracts, we should hold specific consultations to deal with them. The five-year financial responsibility system will end this year. The state will make new and important readjustment among the financial and tax revenue systems in line with the demands of establishing socialist market economic systems. Therefore, our province's next responsibility system will be temporarily delayed, and the original measures of the responsibility system will remain effective and some of them will be specifically readjusted. Because the increased scale of total wages is lower than the economic results and the increased scale of the average wages of staff members and workers is lower than labor productivity, we will have enterprises formulate their wage plans independently. The labor affairs department will no longer issue wage plans and approve monthly wages. As for enterprises that have conducted contract management over personnel affairs or enforced the responsibility system among all staff members and workers, the labor affairs department will no longer issue employment plans except for the personnel whose wages are under the state unified distribution. Employment may break the demarcation lines of administrative divisions. The system of social security for jobless people, retirement, and medical care represents a pressing demand for enterprises to deepen their reform and should be accelerated. We should gradually have laborers working in the enterprises of different ownership and in various wage systems join the social insurance system and improve the social insurance institutions as soon as possible. We should establish overall unemployment insurance, expand retirement insurance, and begin to enforce medical insurance. The State Council has approved our province's urban housing reform plan, and it should be enforced as soon as possible.

E. We should upgrade the level of opening and promote, as soon as possible, the coordination between the economic operation mechanism and the international market. Opening up is an inherent part of the market economic system. In a sense, the development of the market economy depends on the degree of opening. As the world economy becomes an organic whole, as the regional economy becomes collectivized, and as China will soon be restored as a signatory state to the GATT, expanding the scale of opening is of extremely important significance. Only when we expand the scale of opening

will we be able to make better use of international and domestic markets and two kinds of natural resources, to promote the structural readjustment, and to speed up the pace of elevating the economy to a new level. We should eliminate our regional landlocked mentality, widen the channels for opening, expand the spheres of opening, and increase the number of open cities. Governments at various levels and foreign trade and economic (business invitation) departments should positively calculate and analyze the situation after "entering the pass" and also formulate appropriate countermeasures. We should open ourselves in all directions and vigorously develop the export-oriented economy. We should further develop enterprises involving foreign capital. Next year, we should strive to establish 400 enterprises involving foreign capital. The cities, counties, and enterprises that have the necessary conditions should strive to run foreign-funded enterprises on the premise of seeking truth from facts and stressing real efficiency. We should upgrade the level and efficiency of opening to the outside world, positively bring in new and high technology, and pay attention to avoid bringing in low-quality, redundant items. We should allow more large and medium-sized enterprises to use foreign advanced technology to conduct "grafting" transformation and to upgrade enterprises' quality and product competitiveness. We should focus our efforts on developing 100 export-oriented enterprises and the industrial and mining products involving more than \$1 million of export volume. We should study the foreign advanced management experiences, be familiar with international conventions, and organize production according to the international market demands and the international standards. We should positively run enterprises outside the boundaries of the province, organize and establish transnational companies, elevate the opening to a new level, and make greater achievements.

F. In the course of reform, we should vigorously readjust the production structure, optimize the distribution of natural resources, strive to upgrade the economic results and the economic quality, and maintain a fairly high economic growth rate. We should abide by the state industrial policies; bring into play our own special characteristics and advantages; have market mechanism and government interventions promote the readjustment of the industrial structure, the product mix, the technological structure, and the enterprise organizational structure; and ceaselessly make these structures conform to the markets at home and abroad as well as toward high economic results. We should concentrate energy on solving the problems affecting the province's economic development, such as the serious backwardness of the tertiary industry, the low economic results from industrial production, and the shortage of capital and skilled persons. The most prominent problems at present are that some state-owned large and medium-sized enterprises and grain management enterprises suffer large losses, their railway transportation capacity is insufficient, and the small amount of capital poorly circulated. So, we should concentrate efforts on eliminating these

prominent problems and contradictions. If we are able to solve these problems, the province will be able to enliven the economy. We should adopt solid measures to rapidly expand competitiveness of the production scale of key industries, key enterprises, and products, and increase the production and marketing rate of high-quality, highly efficient, and readily marketable products. We should particularly speed up the development of such advantaged industries as vehicle, chemical, medical, and food industries, and have these industries promote economic development. We should put agricultural, energy resources, communications, and telecommunications infrastructure in the foremost position. We should positively organize and set up enterprise groups; develop enterprise groups where trade, industry, science, and banks are linked with one another; and upgrade enterprise groups' cohesive, development, and influential power. We should pay much attention to technological progress and positively promote the combination of science, technology, and production. We should speed up the pace of conducting technological transformation among old enterprises and upgrade the quality of technological equipment. This is the foundation for enterprises and products to increase their competitive edge and achieve a share in the market. We should regard it as the central link of the development strategy and pay attention to it. To greatly develop township enterprises and the regional economy, we should particularly accelerate the development of the tertiary industry. This is the only way and the shortcut to revitalizing Jilin's economy. The current key work is to enhance the understanding of the necessity and urgency of the development of the tertiary industry, relax policies, have more courage, and pool the efforts of the state, the collective, and the individual and the efforts of our own localities, other localities, and foreign firms.

3. We Should Upgrade Party Building and Party Leadership to a New Level To Suit the New Situation of Developing the Socialist Market Economy

The establishment of the socialist market economy system has set more new and still higher demands on party building and party leadership. In a nutshell, party building and party leadership are necessary to suit and promote establishment of the socialist market economy system and to help uplift the economy to new stages continuously. In this process, party building can only be strengthened and never slackened, and party leadership can only be improved and never weakened. By strengthening party building and improving party leadership, we should make sure that the socialist market economy system is established smoothly.

First, we should conscientiously strengthen party building with the guidance of the theory of building socialism with Chinese characteristics. Tested and tempered in over a decade of reform and opening up, party organizations in our province, in general, are combat effective and totally capable of leading the socialist market economy well. We should have no doubts about this. Meanwhile, we should also note that faced with the

new revolution in which the economic system is undergoing a fundamental change, party organizations at all levels and a vast number of party members still fail to meet the needs of their ideology, organization, and work styles in many aspects. This prevents the party from fully developing its combat strength. Therefore, the most important issue at present is to arm the minds of the vast number of party members and cadres with the theory of building socialism with Chinese characteristics; make them more conscious and steadfast in implementing the party's basic line; achieve unity between increasing the party's combat strength and developing social productive forces; and then, in the great practice of reform and opening up, enable party organizations and party members to emancipate their minds, to enhance faith, to uplift spirit, to have the courage to blaze new trails and do work, and to fully develop their role as a political nucleus on the part of party organizations and their role as vanguards and models on the part of party members.

We should conscientiously implement central guidelines, make great efforts to train and promote outstanding young cadres, and place the focus of the work related to cadres on the major battlefield of developing the market economy. We should step up the promotion of honest and proficient cadres who are familiar with the economy to leading bodies. Principal party and government leading cadres should be familiar with and capable of leading the market economy. By the end of 1993, cadres in the party and government leading bodies at the prefectural and county levels who know the industrial and commercial economies, foreign trade and foreign economic relations, and market management should account for more than 60 percent of the total. We should pay particular attention to the training and promotion of young cadres, step up efforts to build the contingent of reserve cadres, and promote the young and middle-aged cadres who adhere to the party's basic line, have the courage to advance boldly, and are outstanding in performance, to leading posts in a timely manner. In this way, the cadres' contingent of the party will be full of vigor and youthful spirit and meet the needs of leading the market economy. Based on the objective demand for developing the market economy, we should train and promote the enterprise cadres who have both the ability and political integrity. This is the general requirement. In specific requirements, however, we should consider the actual conditions of enterprise work, which is different from that of party and government organs. Meanwhile, when selecting new cadres, enterprises should abandon the traditional concept on administrative levels and enable cadres to be promoted or demoted as required.

We should give play to the fighting bastion role of the grass-roots party organizations, actively explore ways to improve the organizational pattern and activity form of the grass-roots party organizations under the market economic condition, actively carry out our work, and do a better job in giving play to their cohesion, influence, and appeal. It is necessary to give full play to the

vanguard and exemplary role of party members in the course of developing the market economy. Efforts should be made to educate party members to correctly handle the relationship between fulfilling the party's tasks during the present stage and upholding the party's fundamental objective, as well as between managing in line with the principle of market economy and upholding the principle on party spirit. At any time, party members should not mix with ordinary people or let the principle on party spirit be drowned by the principle on commodity exchange.

We should strengthen the building of clean government during the practice of guaranteeing and promoting a sound development in the market economy. In the party and government organs and among party-member cadres, we should persist in promoting hard work, practicing strict economy, conducting all undertakings by means of thrift and long years of hard work, and opposing the practice of partaking of ostentation and extravagance and displaying one's wealth; and persist in promoting selflessness and wholeheartedly serving the people and opposing selfishness and the practice of making no distinction between private and public affairs. It is necessary to resolutely overcome the passive viewpoint of regarding the development of the market economy, corrupt phenomena, and unhealthy trends as issues which are hard to resolve, to persist in running the party strictly, to further straighten out party style, and to strictly observe party discipline. The discipline inspection and supervision departments should enhance their consciousness of regarding economic construction as the central task, better serve economic development, resolutely fight corruption, investigate and handle cases on abusing one's power to seek personal gain, straighten out unhealthy trends in various trades and professions, and maintain closer ties between the party and the masses and between the cadres and the masses.

Second, we should further strengthen and improve the party's leadership in line with the demand of building the socialist market economic system. In shifting the planned economy to the market economy, the leadership pattern, method of thinking, and work habits suitable for the planned economy with which we are familiar can no longer cope with the development situation and meet the demands of the new tasks. We must learn and know well the new leadership pattern and methods and guide economic work in accordance with the market economic law. All levels and various departments should conscientiously investigate and see where they have lagged behind in line with the change of their functions and put forward reform measures. They should conscientiously learn the market economic theories and knowledge, be good at analyzing the economic development trends, study and discuss major issues, and make correct policy decisions in a timely manner. In the course of practice, we must be good at grasping the major contradictions and solving key problems, and exert rigorous efforts in implementation. We must learn the good experiences of coastal regions in leading the market economy by

adopting the methods of assigning leading cadres to take fact-finding tours, to study and to participate in on-the-job training in a planned and purposeful manner, to dare boldly drawing on the experience of all countries in the world including the developed capitalist countries and use for reference their good patterns and methods of leading the market economy that suit our country, and enhance our skills in controlling the market economy.

We should deeply explore and study the party's work methods and activity forms in the course of adopting the new economic organizational pattern, actively study how to establish party organizations and give play to their role in shareholding enterprises, enterprise groups, foreign-funded enterprises and private enterprises, sum up experience, and gradually form a work norm.

We should persist in democratic centralism and further promote party unity. Persisting in democratic centralism is meant to muster the wisdom of the entire party to make correct policy decisions and to strengthen the discipline and combat strength of the party. It is the guarantee for the successful progress of our undertakings. Major responsible comrades of party committees should pay attention to developing democracy, have the ability to give heed to the opinions of various fields, persist in collective leadership, make decisions collectively concerning major issues, and avoid patriarchal system and the practice of letting only one person have the final say. They should also have the courage to make decisions and be responsible after pooling the opinions of everyone. We should conscientiously ensure the democratic rights of all party organizations and party members; encourage them to speak the truth; and see to it that the opinions, suggestions, and criticisms of party members are reported to higher levels in a timely and accurate manner. We should persistently make individuals subordinate to organizations, the minority subordinate to the majority, lower levels subordinate to higher levels, and the entire membership subordinate to the party Central Committee. We should resolutely oppose the refusal of implementing orders, the practice of everyone acting his own way, and liberalism and other behavior in defiance of organizations and discipline. Leading cadres at all levels should take the initiative in safeguarding the unity of the leadership collectives, adhere to principles, take the public's interest into account, and hold heart-to-heart talks frequently to support and understand one another. This is an issue we should emphasize at all times. Unity will promote the mustering of efforts, the enhancement of combat strength, and the generation of productive forces. People who spread rumors and slander should be sternly criticized and educated. Leading bodies which are disunited for a long time should be reshuffled.

Third, we should achieve success in building the spiritual civilization with the focus on solving the deep-seated problems arising in the new situation. Conforming to the basic interests of the masses, the development of the socialist market economy is approved and supported by cadres and the masses. However, we should also note

that a considerable number of cadres and the masses still lack mental preparations and ability to withstand the strains of the reform to change the economic system, and that they fail to fully estimate the arduousness and complexity of reform and the price they should pay for it. Ideological problems are bound to arise when reform is deepened, major relations between different sectors in terms of interests are adjusted, and the concept on value and the style of behaviors change. Leading cadres at all levels should fully understand the importance to strengthen ideological and political work and the spiritual civilization in the new situation, make more efforts to solve the current various deep-seated problems, eliminate the ideological obstacles to the smooth progress in the change of the system, and conscientiously attend to and be strong in both fields of work.

We should improve the content and methods of ideological and political work and make more efforts to deal with concrete matters relating to work. Ideological and political work should suit the new situation in reform and opening up. We should regard the effort to boost the enthusiasm of cadres and the masses for developing the market economy as the major content of the current political and ideological education and perform our work to resolve the specific issues on production and management and the notorious cases that worry the masses. The masses are the foundation of our undertakings and the basic force for reform and construction. We should persist in historical materialism and respect, trust, and rely on the masses at all times. We should have the ability to summarize the advanced examples created by grass-roots people in developing the market economy. We should solve the problems of cadres and the masses in ideological understanding through vivid and effective ideological education. We should improve work methods, abandon the past ideological and political work pattern characterized by unified contents and measures from higher levels down to lower levels, enhance the sense of independent and creative work to meet the needs of the market economy, and proceed from the reality of our own units and enterprises to explore and summarize new work approaches and work methods.

We should pay attention to media guidance, give play to the role of propaganda and media work in the course of developing the socialist market economy, emancipate minds, change concepts, clear up doubts, and enhance spirit. It is necessary to strengthen the weight of economic propaganda, actively publicize the basic distinctive features, the laws and the tremendous role of the socialist market economy through all types of mass media as well as flexible and effective methods, and enable the broad masses of cadres to understand the necessity of developing the socialist market economy in line with their own practice and immediate interest. We should regularly publicize the economic situation, economic policies, economic information, and economic models and guide the broad masses of cadres in the way to develop the market economy. We should strengthen the publicity and explanation of all kinds of major

reform measures, provide effective media support for reform and opening, discover the ideological trend and suggestions that are harmful to economic development and social stability in a timely manner, adopt practical measures, solve the problems of the grass roots as soon as they are discovered, eliminate contradictions, rationalize the feelings, and maintain social stability.

The starting and resting points of spiritual civilization construction should be placed in promoting the development of the market economy. We should do a good job in guiding, protecting, and giving full play to the enthusiasm of the cadre masses, and exert efforts to advocate the concept of value and norms for action that are compatible with the socialist market economic system. Under the premise of doing legal business, we should encourage enterprises to seek the highest profits; encourage the practice of selecting the good and eliminating the bad and competing with one another; encourage some localities and people to become wealthy ahead of others; and encourage competition in development. If we fail to do so, it will be impossible for us to develop the market economy. Meanwhile, we should justly and forcefully promote the mutual-aid and dedicated spirit, and the practice of doing business in a civilized way, collectivism, and patriotism. If not so, the socialist market economy will not develop. We should strenuously strengthen the study of social sciences and provide a theoretical guidance for fostering a moral concept and value orientation that meets the demand of the socialist market economy. Efforts should be made to boost the enthusiasm and creativity of the intellectual product producers and workers, provide high quality fruits of spiritual civilization for society, and serve the development of the socialist market economy.

A good social order and stable social environment is one of the basic conditions for effecting a sound development of the market economy. We should strengthen education on the legal system, enhance the people's awareness of the legal system, further intensify the comprehensive improvement of social security, adopt effective measures, continue to struggle against all sorts of criminal activities, enhance the sense of the masses' safety, resolutely eliminate repulsive phenomena, purify the general mood of society, and create a good social environment for reform and opening up. It is necessary to realistically strengthen the building of security ranks, enhance their law enforcement level, and urge the public security personnel to take the lead in observing the law. We should conscientiously investigate and strictly handle those law enforcement personnel who commit crimes and who take bribes and bend the law.

Comrades, the 14th CPC Congress has hoisted a great banner for us to create new achievements. Our province has made a good start in pushing the economy to a new level. Let us unite with and lead the party members and cadres across the province and the broad masses of people to make concerted efforts, work hard and forge ahead, and win a new victory in our province's reform,

opening, and economic construction under the leadership of the party Central Committee with Comrade Jiang Zemin as the core.

Jilin Lists Names of Newly Elected Officials

SK0502081893 Changchun JILIN RIBAO in Chinese
18 Jan 93 p 1

[Text] Following is the namelist of chairman and vice chairmen of the Eighth Jilin Provincial People's Congress Standing Committee, who were elected at the first session of the Eighth Jilin Provincial People's Congress on 17 January:

Chairman: He Zhukang

Vice Chairmen: Gu Changchun, Chen Zhenkang, Ke Muiyun, Ren Junjie, Shang Zhenling, Zeng Xiaojian, Yuan Boxiong, Xu Ruren, and Agula.

Following is the namelist of the governor and vice governors elected at the first session of the Eighth Jilin Provincial People's Congress on 17 January:

Governor: Gao Yan

Vice Governors: Liu Xilin, Zhang Yuqi, Wang Guofa, Quan Zhezhu, and Wei Minxue.

Yang Qingxiang was elected president of the Jilin Provincial Higher People's Court at the first session of the Eighth Jilin Provincial People's Congress on 17 January.

Li Xiangwu was elected chief procurator of the Jilin Provincial People's Procuratorate at the first session of the Eighth Jilin Provincial People's Congress on 17 January.

Jilin Governor Welcomes Hong Kong Investors

HK0302072793 Beijing ZHONGGUO XINWEN SHE
in Chinese 1006 GMT 19 Jan 93

[Text] Changchun, 19 Jan (ZHONGGUO XINWEN SHE)—In an exclusive interview given a few days ago to a correspondent of this agency, Jilin Governor Gao Yan said that Jilin this year would further open its door to welcome Hong Kong, Macao, and Taiwan compatriots to the province for a joint effort to develop the Northeast Asian economic ring.

Situated at the center of the Northeast Asian economic ring, in a vigorous effort to improve its investment environment, Jilin Province has since last year been pursuing a strategy of all-round opening up to the outside world, which is spearheaded by Changchun and Hunchun economic development zones, based on medium-sized cities and focuses on developments along borders, railways, and highways.

Gao Yan stated that following the railway linkup with North Korea last year, Jilin Province helped Russia build a border highway connecting the province and Russia, which at present can allow the passage of up to 2,000 vehicles, or 3 million tonnes of goods a day. Trade between

Jilin and Russia last year grew rapidly to \$450 million, more than double the amount of the previous year. Gao Yan stated that this year Jilin will help Russia build a 40-km railway to link up Jilin's and Russia's railways. That will effectively improve transport of exports and help put the Northeast Asian economic ring into shape.

At present, Jilin Province is flying chartered flights to Japan and Korea and scheduled flights to Hong Kong, which has effectively improved the province's investment environment.

Gao Yan said that the foreign investment the province was able to attract last year was the largest ever. The province approved 605 new foreign investment items and obtained \$400 million for foreign capital utilization, respectively increases of 500 and 220 percent from 1991. According to reports, with 417 enterprises and \$245 million in investment, Hong Kong capital ranks top among Jilin's "foreign-invested" enterprises; with such countries and regions as Germany, the United States, Taiwan, and the ROK occupying the second to the fifth positions.

Governor Gao Yan stated that Jilin has a solid industrial base, and welcomes Hong Kong, Macao, and Taiwan compatriots to invest in the province. He claimed that Jilin is planning to produce 200,000 vehicles in 1994. There is enormous investment potential in its automobile and chemical industries. He revealed that in mid-March this year Jilin Province will send a large delegation to Hong Kong to attract investors. There will be over a thousand projects available for investors to choose.

Jilin Secretary Inspects Changchun Vehicle Plant

SK0602061093 Changchun Jilin People's Radio
Network in Mandarin 1030 GMT 5 Feb 93

[Excerpts] On the morning of 5 February, He Zhukang, secretary of the Jilin Provincial CPC Committee, went deep to [name indistinct] plant under the Changchun No. 1 Vehicle Manufacturing Plant to conduct investigations and study.

Through investigations and study, he pointed out: At the time of changing the international mechanism, the state-owned large and medium enterprises should comprehensively strengthen enterprise management.

On the morning of 5 February, accompanied by (Dong Zhaojie), director of the Changchun No. 1 Vehicle Manufacturing Plant and (Li Yutang), secretary of the party committee of the plant, Comrade He Zhukang directly went to [name indistinct] plant, successively inspected several workshops, and inspected, on the spot, the production procedures. [passage omitted]

After hearing the report on the workers production and management work situation of the plant, Comrade He Zhukang held talks with some responsible comrades of the plant.

He said: This plant created [words indistinct] production forms by importing and assimilating advanced technology

and [words indistinct] achievements. This is a revolution in the enterprise management sphere. With great influence, the revolution is of far-reaching significance.

He Zhukang pointed out: In the past, we brought in many advanced products and techniques. But, the results from the imported items were limited principally because we failed to grasp the foreign management means. At the time of importing hardware, the plant imported and assimilated [words indistinct] and created the management methods that are suitable to the situation of the nation and the plant but also the development of new products. So, the plant appropriately solved this difficult problem. Its basic experiences should further be perfected and popularized throughout the province.

He said: Facing the current market situation characterized by sharp competition, the state-run large and medium enterprises should continuously play a role in guiding the national economy. At the time of changing the internal mechanism, these enterprises should comprehensively strengthen enterprise management and gradually realize standardize, institutionalize, and regularize the enterprise management.

Comrade He Zhukang finally stressed: Strengthening enterprise management is an urgent task ahead of us. Leaders at various levels and responsible persons of state-owned large and medium-sized enterprises should regard this work as their primary task and conscientiously attend to it. We should rely on modernized management methods to upgrade the quality of staff and workers, tap the internal potential of enterprises, and ensure that the economic results and the social benefits of enterprises will increase at the same pace.

(Zhu Rong), standing committee member and secretary general of the provincial party committee; and Wang Yunkun, member of the provincial party committee standing committee and mayor of the Changchun city party committee, also joined this investigation and study activity.

Governor Addresses Jilin Plenary Session

SK0602060693 Changchun Jilin People's Radio Network in Mandarin 1030 GMT 5 Feb 93

[Excerpts] On the morning of 5 February, the provincial government held its first plenary session.

Governor Gao Yan chaired the session. Present at the session were Vice Governors Liu Xilin, Zhang Yueqi, Wang Guofa, Quan Zhezhu, and Wei Minxue; and members of the provincial government. Also present at the session were nonvoting delegates, including various mayors of various city governments, commissioners of various prefectural administrative offices, and responsible persons of [words indistinct] departments under the provincial government. Among those invited to attend the session were responsible persons of the provincial party committee, the provincial people's congress, the provincial committee of the Chinese People's Political Consultative

Conference [CPPCC], the provincial trade union council, the provincial committee of the Communist Youth League, and the provincial women's federation.

The session declared [words indistinct] and reported on the fulfillment of the 1992 tasks and targets for elevating the economy to a new high and the proposal for arranging the 1993 tasks and targets for elevating the economy to a new high.

Governor Gao Yan set forth the proposal for the government work at present and in the foreseeable future.

Gao Yan pointed out: To comprehensively fulfill the 1993 economic targets, we should continue to strengthen agriculture's role as the foundation of the national economy and comprehensively develop the rural economy. In regard to the 1993 rural economic work, we should persist in the principle of steadily developing grain production, positively developing a diversified economy, mainly develop town and township enterprises, accelerating the development of tertiary industry so as to comprehensively enliven the rural economy. We should further lighten the burden on the peasants, consolidate the existing achievements, and strive to control the peasants' burden within 5 percent of their net income. We should positively encourage the peasants to increase the input to agriculture and strengthen the measures for promoting production. Now, we should prominently attend to the preparatory work for ploughing and sowing and realistically ensure a smooth progress of spring farming. We should speed up the reform of the enterprise managerial mechanism and enliven the state-owned enterprises. In line with the requirements for setting up the socialist market economy, this year, we should speed up the pace of reform, strengthen the degree of reform, and coordinate the reform of the enterprise managerial mechanism with the deepening of reform. [passage omitted]

Gao Yan pointed out: To ensure the smooth progress of the work in various spheres, we should have a good work order. So, we should be determined to reduce meetings, documents, and [words indistinct]. We should pay attention to consciously accepting the public and democratic supervision by the people's congresses and the CPPCC organizations.

Gao Yan stressed that we should pay firm attention to the implementation of the tasks and strive to effectively launch the implementation campaign.

He urged: According to the requirements of the provincial party committee, all localities and departments should attend to the implementation of their tasks. To achieve this, we should first attend to the key link of emancipating the mind and changing our ideas. In line with the central link, we should put the priorities in a prominent position. In regard to the development of the export-oriented economy, we should make a breakthrough in creating foreign exchange through exports, inviting foreign businessmen, bringing in foreign capital on a large scale, and expanding foreign economic and technological cooperation. We should further enliven state-owned large and

medium enterprises, help enterprises change their orientation, and ensure that enterprises will coordinate themselves with the international markets. Town and township enterprises should break with conventions to make development and seek high efficiency. Their development must not be limited by speed so long as they can make good economic results. Their accurate orientation must not be limited by [words indistinct]. We should focus the development of tertiary industry on the setup of the market system, the socialized service system, and the social guarantee system. We should break with conventions to adopt measures to solve the difficulties in the economic work. We should have the daring to do pioneering work, have a try, and accomplish something. To grasp implementation, we should strictly set up a quota responsibility system, ensure the implementation of various work measures, and strive to realize the fighting goal for elevating the province's economy to a new high in the next three years.

Liaoning Readjusts Administration's Structure

SK0402054993 Shenyang Liaoning People's Radio
Network in Mandarin 2300 GMT 3 Feb 93

[Summary] Liaoning Province readjusted and changed the administrative divisions on a large scale to adapt the provincial administrative divisions to the demands of economic development.

According to investigations and study, in 1992, the province readjusted and changed the divisions of 14 cities, 16 districts, and 29 towns and townships. With the State Council's approval, the province abolished Zhanghe, Gaixian, and Yingkou Counties and established three county-level cities, namely Zhanghe Gaizhou, and Dashi-qiao. So far, the province has 11 county-level cities. Simultaneously, Xiuyan, that used to be under the administration of Dandong, has been incorporated into Anshan; and Faku and Kangping, that used to be under the administration of Tieling, have been incorporated into Shenyang.

Liaoning To Combine Supervision Offices

SK0502034693 Shenyang Liaoning People's Radio
Network in Mandarin 1000 GMT 4 Feb 93

[Text] The provincial supervision department will combine its official work with the provincial discipline inspection commission, and the official work of various city, county, and district discipline inspection commissions will gradually be combined with that of supervisory organs from the higher to the lower level.

After the combination of official work of the provincial discipline inspection commission with that of the provincial supervision department, the system of one organ carrying two office names and exercising two functions will be implemented.

Liaoning Government Plenum Discusses Work Report

SK0702034393 Shenyang Liaoning People's Radio
Network in Mandarin 2300 GMT 6 Feb 93

[Text] The 12th enlarged plenary session of the seventh committee of the provincial government was held in Shenyang on 6 February.

The main content of the session is to discuss the provincial government work report that will soon be submitted to the first session of the Eighth Liaoning Provincial People's Congress for examination.

Governor Yue Qifeng chaired the session. Present at the session were more than 100 people, including Wen Shizhen, Xiao Zuofu, Zhang Rongmao, Cong Zhenglong, Guo Tingbiao, Wang Jiyuan, Tan Liren, Gao Guozhu, and Cui Yukun; and responsible persons of various departments and units under the provincial government.

Governor Yue Qifeng said: The government work report that will soon be submitted to the first session of the eighth provincial people's congress is the last report of the seventh committee of the provincial government. This report sums up the provincial government's work over the past five years, forwards targets for accelerating the economic development in the 1990's, and forwards the 1993 major tasks. Thus, it is an important report forming a link between this and the next committee. I hope that the participants will conscientiously discuss it and set forth opinions for revising it.

Vice Governor Wen Shizhen explained the draft report.

He said: The work report unswervingly implements the 14th CPC Congress guidelines, sums up the historical experiences and lessons, and puts the economic development in an accurate position. [words indistinct] The report stresses the necessity to restore the [words indistinct] of the old industrial base; develop new economic growth points; vigorously develop the major environment of high-yield, high-quality, and high-efficiency agriculture; and vigorously develop town and township enterprises, enterprises run by districts and neighborhood committees, and [words indistinct] enterprises. We should also vigorously develop new high-tech industries, intensive- and precision-processed products, the tertiary industry, three types of foreign-funded enterprises, and the economy involving various ownerships; and strive to take the economy to a new high.

At the session, the participants conscientiously and earnestly discussed the work report and also set forth many opinions and suggestions.

According to these opinions and suggestions, the provincial government will revise the report.

Northwest Region

Shaanxi Secretary Addresses Economic Meeting

HK0302080793 Xian Shaanxi People's Radio Network
in Mandarin 0500 GMT 1 Feb 93

[Excerpts] At a provincial economic work meeting, provincial CPC Secretary Zhang Boxing pointed out: It is necessary for us to further emancipate our minds and change our concepts to accomplish something magnificent in establishing socialist market economy and a socialist market economic system. Zhang Boxing maintained that reform and construction in our province this year must center on the requirements of establishing the socialist market economic system with the aim of quadrupling the economy and attaining the target of small-scale prosperity. It is necessary to conscientiously grasp economic work to realize four benign cycles, namely, a benign cycle resulting from reproduction within the province, a benign cycle resulting from economic division with other provinces, a benign cycle resulting from opening up to the outside world, and a benign cycle resulting from the coordinated development of several major industries.

Zhang Boxing stressed: It is necessary to take heading straight for small-scale prosperity as the center to fully create a new situation in rural reform and development in our province. He pointed out: Rural work must center on the key link of increasing peasants' income to lay a solid basis for ensuring a stable increase in grain production, realize diversified economy, and ensure the two breakthroughs made by township and town enterprises in the new starting point. Zhang Boxing added: Invigorating rural economic organization, and particularly running well state-owned medium and large enterprises, is a basic content of establishing socialist market economy. [passage omitted]

Zhang Boxing urged making special efforts to solve principal contradictions in economic development, and seizing on the focal points to strive to enhance the overall level of economic efficiency of the whole province. To meet the demands of socialist market economy, it is necessary to establish a pool of talent which has a rational structure. First of all, it is necessary to strengthen infrastructure projects, including energy and transportation. Furthermore, it is necessary to vigorously develop [words indistinct]. In the meantime, it is necessary to speed up construction in the high-grade and new technology development zone in Xian, and the high-grade and new technology industrial development belt in the central Shaanxi plain. It is necessary to speed up the development of tertiary industry. It is necessary to try in every possible way to increase production and quicken construction.

With regard to the building of the pool of talent, Zhang Boxing stressed that leading cadres at all levels, leaders in various economic departments, and responsible persons of cities and counties must make efforts to become management experts who can adapt themselves to

socialist market economy. In the great tide of market economy, they must also discover, select, and promote a great number of talented personnel who can become entrepreneurs. They must do everything possible to train and bring up a number of medium and high-class personnel responsible for business operation and marketing.

Xinjiang Governor Seeks Stronger Agriculture

OW2501094593 Urumqi XINJIANG RIBAO in Chinese
11 Jan 93 p 2

["Excerpts" of Tomur Dawamat's government work report at the First Session of the Eighth Xinjiang Autonomous Regional People's Congress on 10 January; place not given]

[Text] In his government work report to the First Session of the Eighth People's Congress of the autonomous region, Tomur Dawamat, chairman of the autonomous region, stressed that despite several years of successive rich harvests in agriculture and livestock breeding in our region, we must not loosen our grasp on the agricultural question at any time.

Tomur said that we must not waver in believing that agriculture is the foundation of the national economy. We should conduct education among cadres at all levels, especially among basic-level cadres and peasants and herdsmen of all nationalities, to strengthen their belief that agriculture is the foundation of the national economy. We should deepen rural reform; continue to stabilize the various forms of contracted responsibility system based on the household with remuneration linked to output, a system which meets the demands of peasants and herdsmen; constantly improve the dual management system that integrates household and collective operations; vigorously develop socialized services in rural areas; strive to expand the strength of a collective economy; stabilize the policies toward rural areas; use science and technology to invigorate agriculture; increase input in agriculture; and work hard to elevate rural work and agricultural and livestock production to a new level.

He said that to increase the competitive edge of Xinjiang's agriculture and livestock industry in a market economy, it is necessary to attach importance to high output, high quality, and high efficiency; to adjust and optimize the set-up rural production, the structure of farming, and the structure of grain crops; and bring about an all-round development of agriculture, forestry, livestock breeding, sideline production, fisheries, industry, commerce, transport, and construction industry. It is necessary to increase input in agriculture from many channels. It is necessary to further lift restrictions to enliven the rural economy. In accordance with the demand of a market economy, the autonomous region will no longer set planting plans for various areas, but will only use guidance plans to exercise quota control on a small number of important agricultural and livestock products; it will allow peasants and herdsmen to

independently manage their production in accordance with market demands. Vigorous efforts will be made to develop secondary and tertiary industries in rural areas on the prerequisite that agricultural and livestock production is not slackened.

Tomur stressed that governments at all levels must adopt effective measures to protect and enhance the enthusiasm of peasants and herdsmen; to preserve and support preferential policies on grain and cotton production; to ensure prompt payment by cash for agricultural, livestock, and sideline products purchased from peasants

and herdsmen; and to put a stop to issuing "IOU" notes to peasants and herdsmen. Governments at all levels must act in accordance with the relevant regulations of the State Council and the autonomous region to resolutely put a stop to illegal fund-raising, collection of fees, and setting of quotas so as to lighten the burden of peasants and herdsmen. The implementation of provisions involving the burden of peasants must be discontinued if those provisions have not been approved by the State Council and the autonomous regional people's government.

Need for Military To Economize Discussed

OW0702064493 Taipei CHINA POST in English
 29 Jan 93 p 4

[Text] The military must more seriously practice economy and efficient management in order to save money for sharply increased spending on the procurement of high-performance defensive weapons.

The recently concluded contracts to buy 150 American-made F-16 jet fighters and 60 French Mirage 2000-5 fighter planes are costing Taiwan a total of NT [new Taiwan] \$320 billion (about US\$12.5 billion).

The government has decided to disburse NT\$200 billion (about US\$7.8 billion) of the total amount with funds to be appropriated in its annual budget over a period of nine years. The remaining NT\$120 billion, or about US\$4.7 billion, will be paid out by raising term loans from local banks.

The government wants to take loans to help fund the aircraft purchases because it does not want to see its total annual military expenditure as a budget percentage increase steeply as a result of the purchases.

Taiwan's military spending used to account for more than 30 percent of the government budget and has been cut to below 25 percent only in the last few years. Drastically raising that percentage at this point will hurt other government spending programs and invite protests by all parties affected.

To cope with the large expenditure increases resulting from the purchases of the jets, the government also has decided to cut back production of the locally developed IDF (indigenous defense fighter) jet planes by half, from the originally planned 250.

Such retrenchment will help, but apparently it will not be sufficient, especially considering that future purchases of more sophisticated, and costly, weapons will still be needed in face of the constant military threat from communist China.

For example, if Taiwan's plan to buy 10 frigates and another 10 submarines from Germany wins final approval by Bonn, it will cost the government an additional US\$7.5 billion (about NT\$191.2 billion).

To help fund advanced defense equipment purchases, the military must seek to cut its expenses by becoming more efficient. Some examples: While the Ministry of National Defense is investing substantially to strengthen its air and naval forces in attempts to maintain supremacy above and in the Taiwan Strait, it should trim the size of its army, which still constitutes more than two-thirds of the combined armed forces, to save money.

The ministry could also cut expenses by transferring its many non-arms military supply industries to private companies. This will bring down the costs for military supplies, such as fatigues and footwear, and help stimulate private business as well.

Requiring the military to practice economy will be understandably unpopular. The Legislative Yuan (Parliament), which has responsibility over the nation's purse strings, must play an oversight role in this area.

Editorial Views Premier Hao's Resignation

OW0602143593 Taipei CNA in English 1403 GMT
 6 Feb 93

[Editorial: "A Solid Report Card"]

[Text] Taipei, Feb. 6 (CNA)—The following editorial appeared in Saturday's EXPRESS NEWS, an evening daily published by Central News Agency.

Premier Hao Po-tsun has tendered his resignation following the election of a new Legislative Yuan, the first with all its members elected by people on the island. In doing so, he has set a precedence that upholds the spirit of the constitution framed according to the three principles of the people enunciated by Dr. Sun Yat-sen, the republic's founding father.

But the most important legacy of Hao's two-and-a-half-year premiership would probably be his contribution to the revival of the island's economy.

The former army general came to office as premier at a time when Taiwan was in flux. Successful economic development and huge trade surpluses sent wages and land prices on the island soaring through the roof. Widening gap between the rich and the poor resulted in a sharp rise in crime.

People, especially the rich, no longer felt safe, and investors scrambled to find outlets for their money in Southeast Asia, or even Mainland China, where labor and land costs were only a fraction of those here. Taiwan's manufacturing sector was rapidly being debilitated.

Faced with the challenges, Hao made fighting crime and increasing public investment his top priorities.

Taking personal charge of a regular review of the law and order situation, Hao effectively sent his messages across to all law enforcement officers.

Within a short period of time, almost all major criminal cases were accounted for, including the freeing of a kidnapped top executive of the Hsin Kuang Group unharmed and an arrest of two plotters who had placed bombs at the McDonald's for extortion.

Meanwhile, Hao unveiled his U.S.\$300 billion six-year national development plan in 1991. Increased government spending has propped up confidence in the economy and stimulated investment from the private sector.

Government statistics indicate that private investment came close to U.S.\$20 billion in 1992, up a staggering

14.1 percent from the previous year, compared with an anemic growth of 1.83 percent in 1991 and a decrease of 8 percent in 1990.

On Hao's watch, per capita income here has increased by U.S.\$3,000 despite a world-wide recession.

That is, indeed, a solid report card in which the outgoing premier can certainly take pride.

'Key Portions' of Foreign Affairs Report

OW0802122993 Taipei CHUNG YANG JIH PAO in Chinese 28 Jan 93 p 1

["Excerpts" of "Report on Foreign Affairs" published by the Ministry of Foreign Affairs in December 1992]

[Text] Taipei—The Ministry of Foreign Affairs released to the public its first "Report on Foreign Affairs" on 21 January. The report consists of 270,000 characters. The following are some key portions excerpted by this newspaper regarding our country's foreign policy, its relations with other countries, and international affairs:

Chapter II. Our Country's Foreign Policy

Section II. The Promotion of Pragmatic Diplomacy

The process of formulating foreign policy is very complicated. Variables that must be considered during this process are usually hard to follow. Generally speaking, a country must carefully assess both domestic and international factors when formulating foreign policy. Domestically, the country's strength and interests must be taken into consideration. Internationally, consideration must be given to global developments, trends, and needs. As far as our country is concerned, the two sides of the Taiwan Strait have adopted a confrontational attitude on the international scene over the past 40-odd years because Communist China has peremptorily isolated us in every possible way without regard for reality. In recent years, our country has gradually readjusted its diplomatic strategies and principles in light of the drastic changes at home and abroad as a way of fostering wide-ranging relations with foreign countries through a more flexible and pragmatic attitude as well as an active and aggressive approach. This has not only widened our country's diplomatic leeway, but it has also markedly improved our international status. This shows that pragmatic diplomacy is the correct and effective way to counter Communist China's isolation of our country.

4. Renewal of the Substance of Pragmatic Diplomacy

As the domestic and international scene has undergone drastic changes, the government has changed its tack in planning its diplomatic strategy by adopting a more flexible and practical approach. This is consistent with reality and popular sentiments. The ruling Kuomintang [KMT] held its 13th National Congress in July 1988. Speaking at the opening ceremony in his capacity as party chairman, President Li Teng-hui urged the ruling

party to "show greater confidence in and adopt a more practical, flexible, and farsighted approach toward upgrading and going beyond the current foreign relations based primarily on substantive diplomacy." In May 1989, President Li Teng-hui, in an interview with Japan's YOMIURI SHIMBUN, said: "Foreign relations are an outgrowth of internal affairs; they are also channels through which countries establish links. A sovereign state will inevitably adopt a number of flexible measures in light of the needs of the times, local conditions, and specific events to protect its own rights and interests and to participate in international activities. All responsible governments should adopt this approach, which should not be termed 'flexible diplomacy.' Currently, the Republic of China [ROC] is being intentionally isolated, attacked, and vilified in the international community by Communist China. Faced with this challenge, we should assume a more positive and practical attitude toward opening up new possibilities and breaking out of the diplomatic blockade. Diplomatically, we will continue to strengthen bilateral relations with friendly countries. Moreover, we should try our best to establish and increase various types of substantive relations—commercial, cultural, scientific, and technological—with all countries that are not hostile toward us. We should also actively join international organizations, take an active part in international affairs, fulfill our international responsibilities, and share international obligations in an effort to broaden our leeway in the international community." President Li's remarks constitute the most important guidelines for our country's current diplomatic work. The government's diplomatic approach is "active, flexible, and pragmatic." Pragmatic diplomacy indicates reliance on "practical strength"; it means "being down-to-earth." In other words, it means we should act according to our ability without setting unrealistically high goals. It also means that we should try our best and should not impose self-limitations. In terms of substance, it consists of a flexible strategy, an active approach, and reliance on overall strength.

Because of our active efforts to promote pragmatic diplomacy, a brand new outlook has emerged in our country's relations with other nations. Nevertheless, by upholding the premise of protecting state security and interests, we must follow the principle of "being willing to change in some areas while being unwilling to change in others" as we develop our foreign relations. In other words, diplomatic tactics should be flexible, and we should tailor our diplomatic actions to different conditions in terms of the times, but our basic national policy must not change.

"One China" and "peaceful reunification" are the common wishes of all Chinese people at home and abroad, and they comprise the basic national policy of our country. "One China" means an independent and sovereign ROC, while "peaceful reunification" means a unified China in which people can enjoy freedom, democracy, and common prosperity. To improve relations between the two sides of the strait, our government

has permitted people to visit their relatives on the mainland since November 1987. Later, the long-standing bans on indirect trade and investment; academic, athletic, and cultural exchanges; sight-seeing; and correspondence and telecommunications between the two sides of the strait were removed one after another. In 1990, our government established the "National Reunification Committee," the "Mainland Affairs Council," and the nongovernmental organization "Strait Exchange Foundation" to handle relations between the two sides of the strait. Later, the "National Reunification Program" and the three-part plan for national reunification were formulated. A series of concrete measures was also adopted for the purpose of establishing a common understanding of democracy, freedom, and general prosperity among the people and to jointly reconstruct a unified China through frank exchanges, cooperation, and consultations between the two sides of the strait on the basis of rational thought [li hsing 3810 1840], peace, equality, and mutual benefit. Nevertheless, the Chinese Communists have so far failed to give any well-meaning response to our concrete measures. The Chinese Communists still adhere to "one country and two systems," "three direct relations and four exchanges," and other tactics. For instance, at the 14th CPC National Congress in October 1992, "General Secretary" Chiang Tse-min [Jinag Zemin] in his political report called Mainland China the main body of the country to lay claim to being the "central government." By doing so, he attempted to downgrade our government to a local government at the same level as Hong Kong. Moreover, the Chinese Communists have constantly maintained the old line of "not giving up the use of force against Taiwan." According to the budget announced by the "Fifth Session of the Seventh National People's Congress" of the Chinese Communists in March 1992, military expenditures will increase 13.8 percent. The growth rate in military spending was the highest among all expenditures and also marked the sharpest increase in recent years.

In May 1991, our government announced the end of the Period of Communist Rebellion and regarded the Chinese Communist Party as a political entity. This shows that we have frankly accepted the fact of national separation. We hold that there is only one sovereign China. Prior to the realization of national reunification, the ROC Government and the Chinese Communist regime will coexist and each will rule the areas under their effective jurisdiction. Based on this viewpoint, both sides of the strait have the right to represent the Chinese people under their effective jurisdiction, to take part in various activities within the international community, and to mutually respect one another's position in the international community. Therefore, the purpose of our adoption of a pragmatic diplomacy is to resolve the problem of the two sides' participation in international activities prior to the reunification of the country, as well as to reduce hostility and cultivate mutual trust between the two sides of the strait. Specifically speaking, our country's pragmatic diplomacy is only a transitional measure. Its immediate goal is to ensure our country's

survival and development in the international community. The long-term goal is to promote the peaceful reunification of China under a system of freedom and democracy. Based on this principle, the ultimate goal of all of the government's administrative measures is to realize the "reunification of China." This was explained by Mr. Li Teng-hui, chairman of the Chinese KMT on 3 June 1989, to all delegates at the Second Plenary Session of the 13th KMT Central Committee: "The eventual goal of the ROC's diplomatic policy is to protect the integrity of state sovereignty. Nevertheless, we should have the courage to face the fact that we cannot, for the time being, effectively exercise administrative control on the mainland. Only in this way will we avoid becoming overly self-important and avoid rigid adherence to formalities, and only in this way can we tailor our actions to different conditions in terms of place and time, formulate practical plans to create opportunities, and develop a new situation."

On the other hand, "equality and mutual benefit" is an important principle we must follow in developing bilateral relations with other countries to protect our country's dignity and interests. In recent years, our country's economy and trade have been developing rapidly and they have become strong supporting structures for expanding our country's foreign relations. Meanwhile, our government also realizes that the hard-earned income of all servicemen and all the people is the overall resource of this base for national reconstruction and that it must not be wasted. Accordingly, in seeking diplomatic breakthroughs, our government will proceed in a practical manner, refrain from reaching for the unattainable, and limit our own activities in an effort to achieve the established goals of our foreign policy.

Section IV. The Focus of Diplomatic Work

3. Extensively and Actively Join and Take Part in International Organizations

As the international community attaches increasing importance to our country's economic and trade strength, the government, by utilizing this favorable bargaining chip, is making an all-out effort to join and take part in various international organizations and activities, including various global and regional international organizations as well as international organizations with economic and trade functions. In addition, the government encourages civic bodies to take part in nongovernmental international conferences so as to establish bilateral or multilateral relations. The government also bids to hold international conferences and activities in our country to increase the international community's understanding of our country and to enhance our friendship with members of the international community.

Because an international trade structure, established by GATT and through GATT's various multilateral trade talks, has become an important part of the current international economy, and because this international

trade structure will be closely related to our country's future economic and trade development, we applied to join GATT in January 1990. At a GATT council meeting on 29 September 1992, our country's application to join GATT, in the name of the "Taiwan, Penghu, Kinmen, Matsu Tariff Zone," was accepted according to Article 33 of the GATT charter. GATT also formed a working group to process our country's application. Our country also attended a GATT council meeting in November of the same year as an observer; this is an important development in our bid to rejoin GATT. In addition, because of our longterm efforts, we were finally invited to attend the Third Asia and Pacific Economic Conference as an official member in November 1991, thus laying a good foundation for joining conferences and activities of a similar nature in the future. One of our country's major diplomatic goals is to rejoin the United Nations as soon as possible. However, because of the restrictions imposed upon us by international realpolitik, we need to make unremitting efforts, work out appropriate plans, take steady steps, and devise effective ways in our attempts to join international organizations, in particular the United Nations. In view of the current domestic and external situation and the relevant situation among international organizations, our country should adopt a multilateral approach and try to join functional international organizations and UN peripheral organizations. It is hoped that friendship with members of the international community will be enhanced by active participation and that the goal of rejoining the United Nations in the name of the ROC will be realized when an appropriate opportunity presents itself. This is one of the ways that is more pragmatic, workable, and suited to the interests of our country's future development. Despite the fact that our efforts to take part in more international activities continue to meet strong opposition from Communist China, thanks to our enhanced economic power members of the international community have reminded the United Nations that it should not ignore our country's de facto existence. On 21 September 1992, Nicaraguan President Mrs. Chamorro delivered a speech at the 47th regular session of the UN General Assembly [UNGA] in which she made an appeal to the world, saying "it is time for the world to recognize the efforts made at all levels by the ROC in Taiwan." This was the first time ever that a leader of a friendly nation mentioned the issue of our UN membership at the United Nations since we pulled out. Her remarks have already been entered in UNGA speech records. Following her, remarks were made by Salvadoran President Cristiani; Panamanian President Endara; Latvian Supreme Council Chairman Gorbunovs; and by foreign ministers or UN ambassadors from Costa Rica, Guatemala, Belize, Honduras, and Guinea-Bissau calling on the world to pay heed to our country's need to join the United Nations and enable our country to contribute to international cooperation in the spirit of reconciliation as envisaged in the new world order.

Chapter III. Relations With Other Countries

Section II. West Asian Regions (Inclusive of CIS Members)

3. Prospects for Future Relationship

During the Cold War period of confrontation between the democratic camp and the communist bloc, there was a complete absence of relations between our country and the Soviet Union. Although the current international situation has changed completely, the scope for expanding relations with CIS members has been widened and the number of countries with which we are associated has risen sharply to 12; mutual understanding between us is fairly limited because of the interruption in contacts with CIS countries over many years. The impression that people in the CIS have of us is limited to the strength of our economic power. Also, citizens in our country know little about the complexity of the ethnic, religious, language, historical, or cultural situation in CIS countries, nor of their political or economic structure. Our country's hope of comprehensively improving relations with CIS members will not come easily because of the long and deep relations that communist China has established with them, and because of its interference in our diplomatic efforts. It is in that connection that the government, in promoting relations with countries in the CIS, has adopted a strategy of making a step-by-step approach and seeking major breakthroughs in the hope of establishing representative offices in those countries. Our stage-by-stage goals are promoting people-to-people exchanges through the growth of economic and trade cooperation. On the matter of establishing representative offices, the government, to use our country's precious diplomatic resources to the greatest effect and to realize the goal of an early establishment of representative offices in CIS countries, is making an all-out effort to win over such countries as Ukraine, Belarus, Kazakhstan, and Uzbekistan in addition to the planned establishment of representative offices in Russia. We try to foster mutual friendship through the dispatch of such humanitarian aid as food and medicines. We also send personnel to these countries to build up contacts in the hope of an early realization of the political mission to re-establish representative offices in the capitals of those four countries.

On expanding economic and trade relations, the government has targeted Russia, Ukraine, Belarus, Kazakhstan, and Uzbekistan—countries with vast land, natural resources, and population—as the focus of expanding economic and trade cooperation. This ministry will provide full coordination and assistance to economic and trade departments and industrial and commercial enterprises and groups to enable them to organize delegations to visit and inspect these countries with the purpose of exploring cooperative opportunities in agriculture, forestry, fishery, mining, and industry, of utilizing the rich natural resources in CIS countries, and of assisting these countries to develop their economies with our country's capital, technology, and management

experience. In addition, to match the trend of the times toward regional economic cooperation and development, and to adapt to the need to internationalize our country's economy, the government has assessed the feasibility and benefits of taking part in large-scale international economic cooperation projects similar to the development of the Tumen River Basin. In view of the fact that Russia and other countries enjoy extremely high scientific and technological levels in many disciplines, this ministry will, on the basis of existing mutual cooperation, give full support to the State Science Committee under the Executive Yuan and other scientific research groups in recruiting outstanding scientists from those countries to conduct research, give lectures, and work in our country. In particular we have a plan to sign various cooperative agreements with competent Russian scientific and technological units in order to raise our scientific and technological levels in a comprehensive manner.

On the issue of increasing people-to-people exchanges, our country has signed with Russia a memorandum of understanding on navigation (air service), tourism, and sightseeing operations with a view to facilitating bilateral economic and trade exchanges and visits by people. This ministry will continuously coordinate with relevant government departments to conduct negotiations with CIS countries for an early signing of aviation and navigation agreements and to simplify visa-issuing procedures. To meet the needs of increasingly close relations with CIS countries, this ministry will coordinate with the Ministry of Education and other relevant academic and educational organizations to increase the number of scholarships as much as possible so that people from these areas can study Chinese in our country and our country's teachers and students can study the Russian and Ukrainian languages in Russia and Ukraine.

Because of the precedent set by the collapse of the Soviet Union, this ministry will, in addition to developing relations with the CIS countries, also keep a close watch on the various autonomous republics in Russia and other countries and the development of their aspirations for independence, and establish contact accordingly.

Looking ahead, the difference between the CIS countries and communist China which arise out of the former's vigorous pursuit of political democratization and economic liberalization and the differences in conviction between them will inevitably form a major stumbling block in maintaining their relationship; that is to say that the smoother the process of political democratization in the CIS countries, the faster they will develop their relations with our country; the higher the degree of economic liberalization, the closer they will develop cooperation and exchanges with our country. Our refreshingly democratic image, strong economic power, and the highly complementary nature of the economies of the CIS countries and our own, coupled with our country's flexible and pragmatic general diplomatic

strategy, will help create an infinite space in the development of relations between our country and the CIS countries.

Section IV. Countries of the European Region

2. Our Countries' Relations With the Region and Various Countries

(1) West European Countries

The Vatican City is the only country in West Europe that maintains diplomatic relations with our country. The Roman Catholic Church occupies the central leading position of Catholic churches throughout the world and shows great concern for the plight of 4-5 million Catholics on the mainland. To avoid provoking the Chinese Communists and to alleviate the Chinese Communists' persecution of mainland believers, the Vatican City has taken a relatively prudent attitude in dealing with affairs between the two sides of the Strait. Since Ambassador Cassidy's departure in 1971, a counselor-charge d'affaires ad interim has been assigned by the Vatican to take care of embassy affairs. At present, the Chinese Communists control the "three-independent patriotic church," which was established with their support and they publicize the false image of freedom of religion abroad. The Chinese Communists declared that they would hold talks with the Vatican City, but they also forwarded the principle that the Vatican must sever its diplomatic relations with our country and refrain from interfering in the internal affairs of mainland China. This was not acceptable to the Vatican. Moreover, the Chinese Communists adhere to atheism and are not willing to accept the Vatican's "authority" over Catholic churches. As a result, the Vatican is troubled over this matter and cannot tolerate the Chinese Communist stand. Therefore, no progress has been achieved in developing relations between the Vatican City and Communist China. On the contrary, our country's relations with the Vatican City are established on the basis of our country's inherent culture, ethics, and morality, and the Catholic church's virtues of peace, justice, helping the distressed, and love for people.

The Chinese Communists are energetically sabotaging relations between our country and the Vatican, and some leftists and mass media are joining in the chorus with the Chinese Communists. There have been occasional reports on contacts and talks between the Vatican and the Chinese Communists on the establishment of diplomatic relations. Facts have proven that those reports were nothing but rumor. Vice Foreign Minister Fang Chin-yen's visit to the Vatican City in September 1990 and the Vatican Minister of Education Pio Laghi's visit to our country in January 1992 showed that our country's relations with the Vatican are steadily developing.

Section V. Countries of the North American Region

2. Our Country's Relations With the Region and Various Countries

(1) The United States

For many years, owing to the superficially peaceful situation in the Taiwan Strait, there have been some gaps in understanding between our country and the United States on the development of the current situation and our military procurement requirements. Moreover, Communist China has also done its best to obstruct our military procurements. As a result, although we have made some concrete progress in procuring arms from the United States, the quality and quantity of weapons and weapons' systems cannot fully satisfy our needs. According to foreign wire service reports and U.S. Defense Department military intelligence sources, the Chinese Communists recently procured a large number of Mig-31 and SU-27 fighters from Russia and also attempted to procure an aircraft carrier from the Ukraine. In addition, the Chinese Communists have recently shown a militant attitude on the issue of sovereignty in the South China Sea. This development has led to concern among Asia-Pacific Region countries, and the serious results of the imbalance in military strength between the two sides of the Taiwan Strait is worrying the people even more.

While observers hold different views regarding whether the Chinese communists will attempt to fill the power vacuum created by the withdrawal of the United States and the Soviet Union from the western Pacific and to establish regional hegemony, we must consider our security and attach importance to this issue—considering the fact that the Chinese communists still refuse to commit themselves not to invade Taiwan by force, and that their naval and air power are improving both in quality and quantity. Fortunately, while the IDF [Indigenous Defense Fighter] "Ching-kuo" cannot be mass produced for some time to come and while our countrymen have become more wary of the latest military activities in the Taiwan Strait—as well as the difference in air supremacy between the two sides—out of consideration for the military balance in the Taiwan Strait and on the basis of the United States' basic obligation to provide us with enough defensive weapons and services as prescribed in the "Taiwan Relations Act," U.S. President Bush announced on 2 September 1992 the sale of 150 F-16A and B fighters at a total value of \$6 billion. Shortly afterward, on 21 September, the United States announced its decision to sell us 12 SH-2F antisubmarine helicopters and other military supplies to reinforce our defensive capabilities. Soon after President Bush concurred with selling us the fighters, the Chinese Communists lodged a strong protest with the U.S. Government. In addition to accusing the United States of violating the 17 August Joint Communiqué, they also threatened to boycott the purchase of U.S. wheat. However, according to foreign wire services, the Chinese Communists still signed an agreement with the United

States in early November on the purchase of 2 million tons of American wheat. This shows that the Chinese Communists' protest was nothing but an empty threat meant to force the United States to change its position. It is worth mentioning that, after the U.S. Government decided to sell F-16 fighters to us, the U.S. State Department issued a special statement for the first time, pointing out that the 17 August Communiqué, which the Chinese Communists had time and again cited, was not a law and so the military sales had nothing to do with whether they are legal or illegal. While the U.S. Government's recent decision to sell weapons to us is certainly significant for upgrading the substantive relations between the ROC and the United States, during the presidential campaign, U.S. Presidential-elect Clinton was also pleased with the Bush administration's change of position on selling weapons to Taiwan. He also promised that, if he became president, he would continue to promote arms sales. This is certainly highly encouraging for our future purchases of U.S. weapons. In accordance with our security needs, we will continue to purchase weapons from the United States and make positive efforts to strengthen our ties with the United States on that basis.

As the United States is the largest market for our exports and the second largest source of our imports, the economic and trade relations between the ROC and the United States are extremely close and important. However, since we enjoy a favorable trade surplus of about \$10 billion annually and the United States is plagued by enormous trade deficits, the United States has been dissatisfied with its serious trade imbalance and has frequently exercised pressure on us. Trade friction has become the focal point of our bilateral relations. As early as 1997 [as published], bilateral consultations became a mode of settling economic and trade disputes between the ROC and the United States. So far, the two sides have had consultations over monetary matters, tariffs, textile goods, agricultural goods, fish, tobacco, wine, intellectual property rights, and communications and transportation.

To effectively settle the issue of the United States' trade deficits with us, our government forwarded the "Action Program for Strengthening Economic and Trade Relations With the United States" in January 1989. On that basis, we have adopted various measures, including lowering tariffs, relaxing or abolishing import controls or other restrictions, gradually opening up the service market, sending groups to the United States to purchase U.S. products, quickly diversifying the market, and giving intellectual property rights greater protection. These measures show our sincerity to reduce the trade imbalance with the United States. As result of our continuous efforts, our country's favorable trade balance with the United States dropped to \$8.2 billion in 1991, or 10.2 percent lower than the previous year, reaching the target set in the action program of reducing our favorable trade balance by 10 percent annually. Moreover, the scientific and technological cooperation

between the ROC and the United States in the fields of agriculture, energy, physics, atmospheric studies, and environmental protection has also been helpful for expanding bilateral technical exchange and reducing the trade imbalance. In view of the possible impact caused by President-elect Clinton's campaign advocacy that he would take tougher measures on unfair trade partners, as well as by the North America Free Trade Agreement [NAFTA], the government is now studying an action program for NAFTA to replace the previous action program which will expire in June next year, so that the economic and trade relations between the ROC and the United States can be strengthened.

Chapter IV. International Affairs

Section I. The ROC and the United Nations

4. Rejoining the United Nations

As a result of our nation's efforts, countries the world over have acknowledged our high economic growth and political democratization in recent years, and we are now in a more favorable international environment. Fellow countrymen, attaching even greater importance to broadening international activities and taking an active part in international affairs, have also become more eager to rejoin the United Nations. The media and many people within academic circles have urged the government to try to rejoin the United Nations to upgrade our international status. In June 1991, the Legislative Yuan adopted a motion urging the government to actively develop foreign relations, to win more supporting countries, and rejoin the United Nations in the name of the ROC at an appropriate time. This fully shows that fellow countrymen are dissatisfied with the Chinese Communists' all-out efforts to obstruct our pragmatic diplomacy in recent years. The government will certainly continue to make efforts toward this end. However, the United Nations is a highly political international organization in which the Chinese Communist regime is a member of the Security Council and enjoys veto power with which it will certainly obstruct our bid for UN membership. The Chinese Communists also have diplomatic relations with well over 120 countries in the United Nations. All this is extremely unfavorable for us. Furthermore, Chinese Communist personnel have assumed certain major offices in the UN administrative system. Therefore, it is easy for them to obstruct us from taking part in UN functions. Thus, our problems in rejoining the United Nations are obvious. On the other hand, this ministry attached great importance to the Legislative Yuan's proposal. For the sake of understanding the international community's views toward the proposal, this ministry instructed its embassies and offices in 78 countries to inquire about the views of respective governments. The attitudes expressed by the 78 countries showed that most supporters are countries which have diplomatic ties with us, nearly one half of the countries did not support the proposal, and the attitudes of the remaining 20 or so countries were unclear. On 15 August 1991, this ministry openly called on nongovernment organizations at home

and branches of international but nongovernmental organizations in the ROC to try to establish consultative relations with UNESCO or register at the UN Public Information Agency in an effort to develop our ties with UN agencies. In September the same year, this ministry sponsored an enlarged seminar to study the "feasibility of our country rejoining the United Nations." Parliamentarians, scholars, experts, and journalists were invited to take part in the discussion in the hope that, by pooling their resources, they could come up with ideas useful for drawing up a practical plan. Moreover, since late September 1991, this ministry has renamed the First Section of its Department of International Organizations to the UN Section taking charge of affairs relevant to the United Nations and its special organs; and reinforced the New York work group in charge of UN affairs with additional personnel and budget; and scholars and experts have been hired to work as honorary advisers.

When the 47th UN General Assembly session which opened in mid-September 1992 proceeded with its general debates, the presidents of Nicaragua and Panama; the chairman of the Supreme Council (head of state) of Latvia; the foreign ministers of Costa Rica, Guatemala, Honduras, and Belize; and the permanent representative of Guinea-Bissau in the United Nations all spoke on our behalf. They underscored the principle of the universality of UN membership, called on the United Nations to accept us as a member, and called on the international community to acknowledge our political and economic successes and not to ignore our existence. The support which Nicaragua and other countries expressed in their speeches in the United Nations for our rejoining the United Nations should prompt the world to recognize our international status and help us win more friends in the United Nations.

Our active participation in the Pacific Council of Economic Cooperation, our access to the Conference of Asia-Pacific Economic Cooperation, our cooperation with the Central America Bank and the European Rehabilitation and Development Bank, and our application for GATT membership in recent years are all parts of our efforts to broaden our country's multilateral international relations. We hope that we can develop relations with certain major international organizations first in a planned and systematic manner.

On the whole, to rejoin the United Nations as quickly as possible, things we should do now are to win widespread support in the international community, expand international amity through our economic strength and trade, and, when we do not have to worry about our national security, seize the opportunities when they come and go all out to promote the rejoining project in a sensible and pragmatic manner. While this scheme cannot immediately show its effectiveness, and we will continue to encounter the Chinese Communists' obstruction, this is a relatively practical scheme, considering the situation at home and abroad, and the relevant conditions of various UN organs. Besides, this is a scheme by which we can gradually establish mutual trust with UN members and

UN organs, and it is a scheme which is in the interest of our country's future development. It is also a responsible scheme in terms of strengthening national security and safeguarding the well being of all the people. In future, the government will continue to consider the views of people in all circles, actively study a practical plan for rejoining the United Nations, and try to establish ties with relevant UN organs. We will also pay close attention to the development of the world situation, take advantage of favorable conditions, and muster the support of friends so that we can rejoin the United Nations in the name of the ROC when the time comes.

Government Strives To Join International Bodies

*OW0802084093 Taipei CNA in English 0737 GMT
8 Feb 93*

[Text] Taipei, Feb. 8 (CNA)—The government will strive to join more international trade organizations this year, Economic Affairs Minister Hsiao Wan-chang said Sunday.

If all goes smoothly, Hsiao pointed out, Taiwan is expected to become a contracting party of the General Agreement on Tariffs and Trade (GATT) in 1993.

The Geneva-based world trade regulating body will begin on March 25 to screen Taiwan's membership application. Altogether 25 GATT members have raised as many as 530 questions on Taiwan's trade regime.

The country, which applied to join the GATT on Jan. 1, 1990, was accepted as an observer last September. Full membership calls for approval by two-thirds of all its members.

The minister pledged that the government will continue its efforts to actively take part in various activities sponsored by the Organization for Economic Cooperation and Development (OECD).

Dubbed "The Richmen's Club," the Paris-based trade organization has invited Taiwan to a series of dialogues during the past two years, he noted.

Hsiao pointed out that membership in the World Bank and the International Monetary Fund will be targeted as the next step despite the expected boycott of Peking.

Taiwan's powerhouse economy and fulfillment of international obligations will be key to its role in the international organizations, he said.

U.S. Urges Protecting Intellectual Property

*OW0702140193 Taipei China Broadcasting
Corporation News Network in Mandarin 2230 GMT
6 Feb 93*

[From the "Hookup" program]

[Text] At a briefing held at the American Institute in Taiwan on 6 February, a U.S. Government official urged a six-person Republic of China [ROC] delegation and

the ROC Government to undertake a commitment to protect U.S. intellectual property rights. [words indistinct] The ROC delegation was led by legislator (Cheng Chien-jen). Taking part in the briefing were U.S. Assistant Secretary of State in charge of East Asian and Pacific Affairs Clark, and AIT Chairman Bellocchi.

During a meeting with a reporter, (Cheng Chien-jen) and his party said that the U.S. official expressed concern over the ROC's failure to protect U.S. intellectual property rights and also expressed disappointment that the ROC Legislative Yuan had not done anything to amend the relevant law on protecting intellectual property rights.

(Cheng Chien-jen) told the reporter that although his delegation had exchanged many views with the U.S. official, no conclusions were reached by either side.

(Cheng Chien-jen) said he personally believed that the ROC should strengthen the protection of intellectual property rights, because this will not only improve the ROC's international image and strengthen its relations with the United States, but will also help to elevate the ROC's industry.

First Mainland Sports Teams To Play in Taiwan

*OW0602081193 Taipei CNA in English 0741 GMT
6 Feb 93*

[Text] Taipei, Feb. 6 (CNA)—The first mainland sports teams will be allowed to visit Taiwan shortly, it was learned Friday.

The Ministry of Education has agreed to allow the Liaoning men's basketball team and the Heilong women's basketball team to visit Taiwan.

Officials said that they would not oppose sports teams from the mainland to visit here, so long as the teams did not play the PRC national or fly the national flag. [sentence as received]

But if any of the team members are communist or military officials, they would have to first get approval from the Executive Level Mainland Affairs Council.

If all goes well, the two mainland teams will arrive here on Feb. 10. They are scheduled to play three games in Taipei and one game each in Taichung and Tainan before leaving on Feb. 28.

Meanwhile, one mainland basketball star player has been approved to study here. Ma Jian, who was invited here by the Chinese Culture University, may enter the university as a student if he gets a sports scholarship from the university.

Governor Lien Chan Meets German Official

OW0502133393 Taipei CNA in English 0826 GMT
5 Feb 93

[Text] Taipei, Feb. 5 (CNA)—Taiwan Provincial Governor Lien Chan called for closer cooperation with Germany when meeting with Werner Munch, prime minister of the Sachsen-Anhalt State of the Federal Republic of Germany, in Taipei Thursday [4 February].

Lien said he believed that with direct flights service between the Republic of China [ROC] and Germany, which are expected soon, bilateral economic and cultural relations would be further enhanced.

Munch hoped that Lien, the leading contender for the next premiership, would visit his country in the future.

Munch and his group arrived in Taiwan on Jan. 30 for a visit.

Singapore's Lee Kuan Yew Leaves for Home

OW0502133293 Taipei CNA in English 0823 GMT
5 Feb 93

[Text] Taipei, Feb. 5 (CNA)—Singapore's senior Minister Lee Kuan Yew and Deputy Prime Minister Ong Teng Cheong concluded their four-day visit here and departed for home Friday [5 February] morning.

They were seen off by senior advisor to the president Yu Kuo-hwa and Foreign Minister Chien Fu.

Li and Ong, accompanied by their wives and two officials, arrived in Taipei Tuesday. While here, they attended a dinner party hosted by President Li Teng-hui and toured the scenic Chihpen hot springs in eastern Taiwan.

Hong Kong

Deng Calls Constitutional Package 'Difficult'

HK0602034593 Hong Kong TA KUNG PAO in Chinese
5 Feb 93 p 2

[Unattributed report: "According to YOMIURI SHIMBUN, Deng Xiaoping Has Sternly Warned That, If Chris Patten Fails To Withdraw His Constitutional Package, the UK's Interests Will Suffer"]

[Text] According to a special YOMIURI SHIMBUN dispatch from Shanghai on 4 February, local Chinese sources have revealed that, after the Spring Festival, Chinese paramount leader Deng Xiaoping, who was staying in Shanghai, strongly criticized Hong Kong Governor Chris Patten in a discussion which was attended by Shanghai Municipal CPC Secretary Wu Bangguo and other party and government leaders.

The newspaper's Shanghai dispatch said: Since Chris Patten issued his constitutional package last November with a view to increasing the number of directly elected seats in the Legislative Council, the Chinese and British sides have been in a state of confrontation. Deng Xiaoping, however, reportedly made his first comment on the issue.

According to the Chinese sources, Deng Xiaoping said: Results are being achieved in China's policy of reform and opening up, and its economy is developing continuously and smoothly; the biggest problem currently facing the country is the "Hong Kong problem." He stressed: Hong Kong Governor Chris Patten's constitutional reform package "is a major, difficult question."

The Chinese sources also quoted Deng Xiaoping as saying: "If Chris Patten fails to withdraw his package, he will harm interests that he would not like to lose."

YOMIURI SHIMBUN indicated its belief that Deng Xiaoping's remarks hint that China will put various kinds of pressure on Chris Patten in the future, including the abolishment of the Legislative Council after 1997.

The paper also stressed that Deng's remarks, disclosed on the eve of the Legislative Council's session in mid-February, have once again indicated China's strong determination.

'Concerned' Over Hong Kong

HK0702090993 Hong Kong MING PAO in Chinese
7 Feb 93 p 17

["Special article": "Deng Xiaoping Personally Takes Charge of Hong Kong Policy; No Stepping Stone Will Be Offered to British Hong Kong Authorities"]

[Text] The CPC's paramount leader Deng Xiaoping has been treating the case of Hong Kong as a matter of importance parallel to domestic political and economic issues. Especially after the Hong Kong constitutional

issue arose, Deng Xiaoping even asked his staff to gather all reading materials about the current developments in Hong Kong and forward them to him directly.

In its current wrestling with the UK over the Hong Kong constitutional issue, the Chinese side still has not taken any real action. However, a consensus has already been reached within the whole Chinese camp that in no event will China offer the British Hong Kong authorities any "stepping stone" [tai jie 0669 7132].

"Deng Xiaoping is absolutely clear about the crux of the Hong Kong issue at this stage and the varying responses of different sectors," said an informed source close to the Chinese side. This source also said that Deng Xiaoping, the paramount CPC leader who is holding the real power, has always been quite concerned with Hong Kong's political and economic development. Since disputes broke out between China and the UK last year over the issue of the constitutional structure for Hong Kong, Deng Xiaoping has paid still more attention to Hong Kong's case. He instructed Jiang Zemin, CPC general secretary who is now in charge of Hong Kong and Macao affairs, not to yield an inch. He also ordered his office staff to forward directly to him all reading materials about the current developments in Hong Kong.

The informed source said: The reading materials about Hong Kong that Deng's office is collecting for him include reactions from different strata in Hong Kong, especially from businessmen and the middle class; the attitudes of the British Hong Kong Government, the UK, other Western countries, Japan, and other developed countries toward the constitutional issue of Hong Kong; and proposals from pro-China figures in Hong Kong, as well as views aired by Chinese officials and Chinese and foreign international political analysts. He demanded that all the typical reading materials representing views of the above-mentioned sources be submitted to him in their original text, so that he can have the most objective picture possible of the situation.

Asked whether the Chinese side will take any real action amid its disputes with the British side over the Hong Kong constitutional issue, the informed source said that until now the Chinese side has actually not taken any real action, but its reaction has been confined to clearly stating its stance to the British Hong Kong authorities, or mainly to give a "verbal warning." The informed source stressed that the whole operation is, in substance, proceeding basically under the guidance of Deng Xiaoping's view on the current situation in Hong Kong, which is that the principle is to be upheld, no compromise will be made, and efforts are to be made to maintain good order in Hong Kong, while messages will be conveyed to the British to remind them of China's force.

The informed source explained that "setting up another kitchen" in the political aspect and "no cooperation in anything" in the economic aspect are the most powerful "real actions" that have already been declared by the Chinese side. The Chinese are not unprepared for these

operations, but before "taking real action" they will follow a formula: "First, take a look at the situation; second, consult other people; and third, consider the possible consequences." In other words, they will first evaluate the British Hong Kong authorities' attitude and actions; second, consult with representatives of different strata in Hong Kong; and, finally, consider the possible consequences of any "real action" taken and measures to be taken in response to the consequences.

"In no event will the Chinese side offer the British Hong Kong authorities any 'stepping stone' in the disputes over the constitutional issue. The informed source close to the Chinese side emphasized: 'This is a consensus reached within the whole Chinese camp and this is also the 'principle' given by Deng Xiaoping to deal with the British Hong Kong authorities.'" The informed source quoted the Chinese side as saying that they would not discuss and accept any Western-style constitutional package, neither would they discuss and accept any Guangdong-style constitutional package as a product of revision.

He also quoted the Chinese side as saying that the Chinese Government has been consistently wishing to keep Hong Kong stable and prosperous. China only holds to a bottom line regarding Hong Kong's future development: In the first place, Hong Kong must not become an anti-CPC "base" and, in the next, Hong Kong must not be "internationalized." With this bottom line fulfilled and so long as Hong Kong can maintain normal development, the central government will not "meddle" in the internal affairs of the government of the future special economic region, and a wealthy and prosperous Hong Kong and the rise of its standing in the world will never be regarded as "latent threats" against the central government.

Wu Xueqian Receives Hong Kong Delegation

OW0802091393 Beijing XINHUA in English
0842 GMT 8 Feb 93

[Text] Beijing, February 8 (XINHUA)—Chinese Vice-Premier Wu Xueqian met with a delegation from the Kowloon city, Kwuntong and Wong Tai Sin Residents' Association of Hong Kong, here today.

The delegation, led by the association's president Jose S.S. Yu, arrived February 5 at the invitation of the United Front Work Department of the Chinese Communist Party Central Committee.

While talking about the "constitutional reform" program raised by Hong Kong Governor Chris Patten during the meeting, Wu reiterated that the Hong Kong Governor should withdraw his program, adding that Hong Kong affairs should be dealt with according to the Basic Law.

Wu also briefed the visitors on the structure of "one country, two systems" and the economic policy for Hong

Kong in financial and tax system, monetary system, the position of separate tariff area.

Lu Ping, Zhou Nan Meet Advisers on Hong Kong

HK0802025593 Beijing XINHUA Domestic Chinese
1419 GMT 7 Feb 93

[Report: "Lu Ping, Zhou Nan Listen to Opinions Expressed by Hong Kong Affairs Advisers, Reiterate Chinese Side's Position"]

[Text] Guangzhou, 7 Feb (XINHUA)—In the last few days, more than 30 Hong Kong affairs advisers met with Lu Ping, director of the State Council's Hong Kong and Macao Affairs Office, and Zhou Nan, director of the XINHUA Hong Kong Branch, in Guangzhou to express their opinions on Hong Kong's current affairs in political, economic, and people's livelihood aspects, and to express their concern [guan zhu 7070 3137] over Hong Kong's future.

The current dispute between China and the UK caused by the "constitutional reform package" dished out by Hong Kong Governor Patten was one of the key subjects of the meetings' discussions. Like all residents of Hong Kong, the Hong Kong affairs advisers hoped that Hong Kong would continue to be stable in the last few years before the transfer of sovereignty in order to ensure smooth convergence. However, most of them expressed deep concerns over and strong resentment against the shock caused to Hong Kong society by Patten's program. The advisers indicated that it is necessary to continue to urge the British side to withdraw Patten's "three-violations" package and to return to the track of complying with the Sino-British Joint Declaration, converging with the Basic Law, and abiding by the agreements and understandings reached by the Chinese and the British.

Some advisers pointed out that the British are very likely to obstinately cling to their own course and act perversely to put Patten's "constitutional reform package" into practice. Therefore, the Chinese side must make full preparations against nonconvergence. Some people are bent on "damaging the stove" [dao zao 0227 3501], and this will inevitably cause confusion. For Hong Kong's long-term interests, it is necessary to rebuild the "stove" according to the provisions of the Basic Law in order to keep people's feelings stable.

Lu Ping and Zhou Nan seriously listened to the opinions expressed by the Hong Kong affairs advisers. They reiterated that the Chinese side will, as usual, continue to scrupulously abide by the Sino-British Joint Declaration, the Basic Law, and the agreements reached by the Chinese and British foreign ministers in their seven letters. In any circumstances, the Chinese Government will have confidence in ensuring Hong Kong's smooth transition and the smooth transfer of government. The great conception of "one country, two systems" given by Deng Xiaoping will certainly become reality on the Hong Kong issue. They also said that great importance will be

attached to the positive and constructive opinions expressed by the Hong Kong affairs advisers, and serious consideration will be given to these opinions.

Between 5 and 7 February, the Hong Kong affairs advisers arrived in Guangzhou in groups to attend the meetings. Wang Qiren, deputy director of the Hong Kong and Macao Affairs Office of the State Council, and Qin Wenjun, deputy director of the XINHUA Hong Kong Branch, also attended the meetings.

More on Meetings With Advisers

HK0702065293 Hong Kong WEN WEI PO in Chinese
7 Feb 93 p 15

[Report by staff reporter Su Hung-ju (5685 7703 0320): "Lu Ping, Zhou Nan Meet With Hong Kong Affairs Advisers in Guangzhou, Reiterating That China Will Not Barter Away Principles"]

[Text] Guangzhou, 6 Feb (WEN WEI PO)—Lu Ping, director of the Hong Kong and Macao Affairs Office of the State Council, and Zhou Nan, director of XINHUA News Agency Hong Kong branch, met in Guangzhou today with 15 Hong Kong affairs advisers in several groups to solicit the latter's opinions on the disputes between China and Britain on the Hong Kong constitutional issue. Some of these Hong Kong affairs advisers disclosed after the meeting that Lu Ping assured them during the meeting that the Chinese side had prepared for both favorable and unfavorable outcomes of the disputes between China and Britain over the Hong Kong constitutional issue and would never barter away principles.

The 15 Hong Kong affairs advisers invited to the meeting were: Cheng Yiu-tong, Ng Hong-man, Tsang Hin-chi, Nellie Fong Wong Kut-man, David Chu Yu-lin, Cha Chi-ming, Sze-yuen Chung, Vincent Lo Hong-sui, Albert Tong Yat-chu, Tsui Tsin-tong, Tso Wung-wai, Mun Kin-chok, Peter Kwong Kong-kit, Donald Liao Poon-huai, and Cheng Kai-nam. The last was present at another meeting the other day and this morning's meeting was the second meeting he attended. The advisers met with Lu Ping and Zhou Nan today in three groups.

Hong Kong affairs Adviser David Chu Yu-lin said after the meeting that he felt Lu Ping and Zhou Nan were very firm in their stand and showed no intention of compromising on principled matters.

David Chu Yu-lin also noted that a state cannot arbitrarily change its stance on the issue of sovereignty, because it will face great difficulties when handling other issues if it fails to firmly hold to the principle of sovereignty. Given this context, the Chinese side's steadfast attitude on the Hong Kong issue is understandable. In fact, it is up to the British side to take the initiative in seeking a solution to the current deadlock on the Hong

Kong issue, and the problem will be readily solved if the British side makes a concession on the constitutional reform issue.

Hong Kong affairs Advisers Cheng Yiu-tong and Cheng Kai-nam, who attended the meeting this morning, both revealed that Lu Ping had stressed in the meeting that the Chinese side would never barter away principles and would be prepared for both favorable and unfavorable situations. If the British side obstinately persists in forcing through Chris Patten's constitutional reform package, the Chinese side will be forced to "set up another kitchen," with a view to rebuilding the originally planned constitutional structure that is destroyed.

Cheng Kai-nam also criticized the British side for carrying on its constitutional reform operation while declaring willingness to open talks.

When meeting with Lu and Zhou, Ng Hong-man pointed out that the principle must be upheld if any negotiations are to be opened; that is to say, as far as the stance is concerned, there must be no violation of the joint declaration, the Basic Law, and any diplomatic agreement between China and Britain.

Hope for 'Change of Heart' by UK

HK0602052693 Hong Kong SOUTH CHINA
MORNING POST in English 6 Feb 93 pp 1, 9

[Report by Doreen Cheung in Guangzhou]

[Text] China's top two officials in charge of Hong Kong affairs—Mr Lu Ping and Mr Zhou Nan—were yesterday still expressing hope that the 1995 legislature could straddle 1997.

They made it clear during a meeting with Beijing-appointed Hong Kong advisers in Guangzhou that they hoped there would be a last-minute change of heart from the British side.

The Executive Council on Tuesday is to give its final decision on the constitutional reform package put forward by the governor, Mr Chris Patten.

But one of the Hong Kong advisers, retired judge of the Appeal Court Mr Simon Li Fook-sean, put forward a contingency plan in case the Executive Council signalled a non-convergence scenario.

Mr Li, a former Basic Law drafter, proposed that a future chief executive-designate should be recommended before July 1, 1997, to give him sufficient time to prepare for fresh elections as soon as he took over.

These elections would override the 1995 electoral arrangements and revert to the structure stipulated in the Basic Law.

Under the Basic Law, the National People's Congress is to establish a Preparatory Committee by 1996 which would then recommend a candidate for chief executive to the central government for appointment.

Once he took over on July 1, 1997, he would have legitimate grounds to hold new elections in Hong Kong within three months as the legislature resumed sittings in October, Mr Li said.

Only those people who met the Basic Law's requirements to be legislators could stand for election, he said.

Mr Li said Mr Lu, the director of the Chinese State Council's Hong Kong and Macao Affairs Office, gave no dissenting views to his proposal during a three-hour discussion between Hong Kong affairs advisers and Chinese officials.

After meeting the advisers, a deputy of Mr Lu, Mr Wang Qiren, rejected the suggestion that the three-day discussion had been deliberately timed to precede the Executive Council's expected endorsement of Mr Patten's political reform.

"We are just here to attend the 10th anniversary of the White Swan Hotel," he said.

At least 12 officials from the office of Mr Lu and Mr Zhou, the director of the local branch of the NEW CHINA NEWS AGENCY, were in Guangzhou to attend the meeting with the advisers.

Apart from meeting the advisers, officials from the two Chinese government branches also took the rare chance to hold internal meetings.

Another 30 Hong Kong affairs advisers will meet the Chinese officials today and tomorrow.

According to another Hong Kong affairs adviser, Mr Cheng Kai-nam, Mr Lu was still hoping for convergence of the system in 1997.

Mr Lu said China was forced to set up another "stove", that meant having its own organization to deal with Hong Kong issues, if Mr Patten insisted on submitting his package to the Legislative Council, according to Mr Cheng.

Mr Cheng further quoted Mr Lu as saying that setting up another stove did not imply starting everything afresh. Instead, it meant to follow the stipulations in the Basic Law.

Mr Lu also reiterated that China would not accept any modified version of Mr Patten's proposal as approved by the legislature, Mr Cheng said.

During the meeting, another Hong Kong affairs adviser, Mr Philip Wong Yu-hong, suggested that all legislation and policies effective after the signing of the Sino-British Joint Declaration which were inconsistent with the Basic Law should be scrapped immediately after 1997 change over.

Mr Wong said it was time to carefully scrutinise all legislation and policies to identify inconsistencies.

Another adviser, Mr Xu Simin, said the Chinese officials held a meeting with them to hear their views on a number of issues including what would happen if there were no convergence.

Speaking after a meeting with the Chinese officials in the morning, tycoon Mr Li Ka-shing who is also an adviser, said he had exchanged views with them on how to maintain Hong Kong's prosperity and stability before and after 1997 but declined to divulge details.

Asked if he had raised the subject of Container Terminal Number Nine, a project in which he had a stake, and the government's policy over mortgage loans, Mr Li said he had never discussed his own business in meeting with Chinese leaders.

Lu Ping on Plan To Set Up Shadow Government

HK0802010593 Hong Kong THE STANDARD in English 8 Feb 93 pp 1, 3

[Report by Rain Ren in Guangzhou]

[Text] China has confirmed that it is ready to set up its own "kitchen"—or shadow government—for Hong Kong before the territory's handover in 1997 if the Legislative Council passes Governor Chris Patten's package of reforms. Hong Kong and Macao Affairs Office chief Lu Ping made it clear that Beijing held the Governor responsible for the situation. "It's Patten who wants to set up another kitchen which goes beyond the bounds of the Basic Law," he said. He was speaking after a meeting in Guangzhou with 37 Beijing-appointed Hong Kong advisers. Lu said the alternative "kitchen" could not be termed "new", because Hong Kong's future government had already been laid down in the Basic Law.

During the mini-summit, 37 out of the 44 advisers on the territory presented detailed ideas on what China should do if Patten's political blue-print was passed by the Legislative Council. Their proposals will form the core of a report from the mainland delegation at the meeting, which included more than 10 officials in charge of Hong Kong affairs.

Lu said the 37 Hong Kong advisers who attended the talks had no objections to the formation of a shadow government. "The main point is, if we want the current political structure to conform with the Basic Law, then Patten must drop his constitutional reform package," Lu said.

"If the kitchen is to be built in 1995 according to the rules of the Basic Law, then we can continue to use it after 1997. If not, we have to set up another one in order to implement the Basic Law.

"When we talk about another kitchen, or convergence, our only objective is to maintain Hong Kong's prosperity and stability, and for a smooth transition," Lu said.

Sources at the mini-summit revealed that the One Country Two Systems Economic Research Institute would probably be selected by China to work out the formation of a consultative body to be set up if legislators pass Patten's political blueprint. Yesterday, six members of the pro-Beijing research institute held more than two hours of talks with Lu and Zhou Nan, head of XINHUA NEWS AGENCY's Hong Kong office. The sources said Lu urged the institute to start preparations for the consultative body.

The Hong Kong advisers were divided over the nature of such a consultative body. Some said it should serve only to advise and not wield real power. The advisers appeared to have no confidence of any meaningful Sino-British cooperation before 1997.

Adviser Maria Tam—a former Legislative Councillor—said the Hong Kong delegation had called for London and Beijing to try to resolve their differences. She said that the territory should also go ahead with as many of the huge infrastructure projects as possible, even without agreement on honouring contracts. "Basically, we conveyed four main points to Lu Ping and Zhou Nan," Tam said.

"We believe that the Chinese and British governments should sit down right away and discuss face to face the problems over Patten's formula on political reform rather than waiting for the package to go to Legco [Legislative Council].

"Secondly, we believe that the Western Tunnel, reclamation work in Kowloon west and central, and route number three should go ahead right away as long as the Government can manage it financially. Other issues such as building the new airport terminal itself and the airport railway can stay separate.

"But we should press ahead with as much of the basic infrastructure possible.

"Thirdly, we are very concerned that public servants in Hong Kong may be caught in a very difficult situation because of the problems between Beijing and Britain."

State Council Official on Hong Kong Issue

HK0802113793 Hong Kong WEN WEI PO in Chinese
7 Feb 93 p 3

[Article by staff reporter Chen Chien-ping (7115 1696 1627): "Detailed Excerpts of Chen Ziyang's Talk on Disputes Over Hong Kong Constitutional Issue"]

[Text] Beijing 6 Feb (WEN WEI PO)—Chen Ziyang, State Council Hong Kong and Macao Affairs Office deputy director, talked on the disputes over the Hong Kong constitutional issue when he met the 43-member delegation from various circles of Kowloon's Eastern District visiting Beijing. The group, headed by Yang

Sun-hsi, met Chen Ziyang at the Hong Kong and Macao Center here this evening. Detailed excerpts of Chen Ziyang's speech follow:

The British Side's Breach of Faith in Two Aspects

Mr. Chris Patten's "constitutional reform package" has triggered off disputes, which we did not want to see. To avoid the disputes, the Chinese side has done its best; however, Mr. Patten eventually selected the road of noncooperation; obviously, the responsibility does not fall on the Chinese side.

Some people say that the debate is for democracy. We have no objection to developing democracy in Hong Kong, and will gradually do just that. The Basic Law has even made that point explicit. What then, is the essence of the disputes between the two sides? In a nutshell, the core issue in the disputes is the question of whether or not it is necessary to keep one's word and have good faith.

In 1984, the Chinese and the British Governments settled the historical Hong Kong issue, and signed a "Joint Declaration" on China restoring its sovereignty over Hong Kong, detailing how to maintain Hong Kong's long-term prosperity and stability. After approximately five years of efforts by the Basic Law Drafting Committee, consisting of figures from the hinterland and Hong Kong, a Basic Law was formulated for the Hong Kong Special Administrative Region [SAR] and was adopted by the National People's Congress. Thus, various policies in line with the Chinese side's conception of "one country, two systems" are stipulated in legal form. Regarding the "Joint Declaration," Britain is one of the two signatories; as to the Basic Law, the British side also believes that it is an important milestone to Hong Kong's future, reflects the "Joint Declaration" spirit, and is a constitution to be welcomed. It is surprising that, with only just over four years left before China restores sovereignty over Hong Kong, Mr. Patten should dish up a constitutional reform package which would directly affect Hong Kong's future after 1997, and runs counter to the Sino-British "Joint Declaration," the various understandings reached between the Chinese and British sides, as well as the Basic Law. Furthermore, the British side refused consultation with the Chinese side and would not accepted the latter's dissuasion before the package was presented. All this has fully demonstrated the British side's breach of faith in two aspects. On the one hand, the British side has given up its commitment on Sino-British consultation and cooperation; on the other hand, it has abandoned the Sino-British negotiations and understandings on the constitutional issue. Cooperation Is Determined in The "Joint Declaration" [subhead]

Here, we will deal with the first aspect. The Hong Kong issue is one of the issues carried over from history in Sino-British relations, and that determines that the Hong Kong issue is one between the Chinese and British Governments. This being the case, the two countries

need to negotiate and cooperate for the benefits of the Hong Kong residents, as well as for the common interests of the Chinese and British sides. In fact, it was based on the spirit of cooperation that the sides signed the world-renowned "Joint Declaration" through patient negotiations. In addition, the "Joint Declaration" has stipulated the guiding principle for the mutual relations of the two countries during the transitional period of Hong Kong; namely, the two governments have agreed to "continue their discussions in a friendly spirit to develop the cooperative relationship which already exists between the two governments over Hong Kong with a view to the effective implementation of the Joint Declaration." That statement was written into the Joint Declaration with both sides' consent. For this purpose, the Sino-British Joint Liaison Group [JLG] was founded; it is stipulated in the document that in the second half of the transitional period, namely, the present period, "there will be a need for closer cooperation, which will therefore be intensified during that period." This statement was written down in black and white. Matters for consideration during this second period are precisely the "procedures to be adopted for the smooth transition in 1997." Regarding this page in history, I am one of the witnesses, for in the whole course of the Sino-British talks, I was working at the Chinese Embassy in Britain; later, when the Sino-British JLG was founded in the wake of the initialing of the "Joint Declaration," I was one of the five representatives from the Chinese side. I remember clearly that the British leading member at that time explicitly stated: "I guarantee that the British Government will exert all its efforts to make this agreement a success. Based on the stipulation of the agreement, we hope that the smooth transition will be achieved in negotiations with the Chinese Government through the JLG." We should say that at the initial days in the wake of the initialing of the Joint Declaration, Sino-British consultation and cooperation on the issue of Hong Kong was satisfactory, but a rugged path surfaced later. This being the case, in the talks between the two sides on Hong Kong's new airport in 1991, naturally, the issue of general consultation and cooperation was under discussion. Is it not true that a Clause Seven is included in the "Memorandum on Building a New Airport in Hong Kong and Related Issues" initialed by heads of the two governments? Clause Seven stipulates that "the two governments hope for strengthening consultation and cooperation on the issue of Hong Kong with 30 June 1997 approaching." In addition to the JLG as a channel for consultation, a decision was made for the foreign ministers of the two countries to meet twice a year, and for regular meetings between our Hong Kong and Macao Affairs Office director and the Hong Kong governor; thus, the channels for consultation have increased. The "Sino-British Joint Communique" published at that time also stressed that "in the coming six years, the two sides will conduct closer consultation and cooperation to realize the smooth transfer of government in 1997 and insure the long-term prosperity and stability of Hong Kong." But why was everything turned upside down before long? Their words are at variance with their

deeds. A senior London official hit the target with one remark: "We have never agreed to the arrangement that the discussion of the Hong Kong issue must primarily go through an agreement between London and Beijing"—is that not a breach of faith? That accounts for the fact that Chris Patten has so brazenly pushed his constitutional reform package while refraining from consulting the Chinese side. In passing, we have never intervened in the routine affairs of the British Hong Kong Government, and required consultation on such matters, which are left entirely to themselves. The Joint Declaration also states that the administration of Hong Kong is Britain's responsibility before 30 June 1997. However, they should consult us on such issues as the constitutional structure, which has a great effect on the future of Hong Kong. In fact, the British side did not actively negotiate with the Chinese side in the spirit of the agreements and documents reached beforehand. When the Chinese side set forth the demand for consultation in a just way, the British side continued to refuse consultation. That does not hold water under any circumstances. That is the first aspect.

Develop Democracy Step by Step in an Orderly Way

Second, I would like to discuss the contents of the constitutional package. The political structure of the Hong Kong SAR should conform to the principle of "one country, two systems" and proceed from Hong Kong's legal position and actual reality so as to ensure Hong Kong's prosperity and stability. There are provisions in the Joint Declaration on Hong Kong's political structure. While drafting the Basic Law, we took note of maintaining the effective part of the original political structure as well as developing a democratic system suited to Hong Kong step by step in an orderly way. It is noteworthy that although the drafting of the Basic Law is China's internal affair, we listened to the views expressed by the British side to us through diplomatic channels for the sake of Hong Kong's smooth transition and long-term stability and prosperity. We were willing to seriously consider and adopt the views reasonable and conducive to Hong Kong's smooth transition. In a sense, China and Britain reached a consensus and understanding of these issues. It is strange that Mr Patten went his own way and repudiated in his constitutional package the arrangement accepted in principle by the British side. In order not to waste much of your time, I would like to cite two examples. First, on the question of directly elected seats in the 1995 elections. In his address, Patten expressed dissatisfaction with the 20 directly elected seats in the 1995 elections and introduced "quicken the pace" of this development. He said "the case for more directly elected seats in 1995 will continue to be made with vigor." As a matter of fact, an understanding of this question was reached between the foreign ministers of the two countries in their exchange of letters three years ago in early 1991. In the third paragraph of his letter to Foreign Minister Qian on 12 February 1990, British Foreign Secretary Hurd said: "I am now prepared to confirm an understanding with the

Chinese Government on the following lines. If the final version of the Basic Law provides for 20 directly elected seats in the SAR legislature in 1997, 24 in 1999, and 20 in 2003, the British Government will be prepared to limit to 18 the number of directly elected seats to be introduced in 1991." Is this not clear enough? Second, on the arrangements for the election committee. In his constitutional package, Patten proposed that "the simplest and most effective formula to achieve this for any 1995 body would be to draw all or most of its members from the directly-elected district boards." This also contravenes the understanding reached between the foreign ministers of the two countries. At that time, the Chinese side proposed that the election committee should be set up "in accordance with the composition and proportion stipulated in Part Two of Annex I of the Basic Law." In other words, it refers to the four 25 percents. In his letter to Foreign Minister Qian on 12 February 1992, Foreign Secretary Hurd confirmed: "I agree in principle with the arrangements which you propose for an electoral committee." "The precise details of how this should be done can be discussed between our two sides in due course." We can see from the above that Patten unilaterally introduced the constitutional package, which was a very important issue, by ignoring the Chinese side. The whole move is untrustworthy and perfidious. Moreover, the contents of the package directly violate the Sino-British Joint Declaration and the common understanding reached between the two countries through diplomatic channels, and deliberately do not want convergence with the Basic Law.

It is the basic norm of international law that agreements should be implemented and promises kept. Neither Patten nor anyone else can amend the agreements and understandings reached between the two sides, or repudiate the documents signed by the two sides. If Mr Patten obstinately clings to his own course, that side will have to face the music and bear the responsibility for the consequences. As to our side, no matter what happens, we will abide by the Joint Declaration and the agreements reached by the two sides. We are determined and have the power and ways to comprehensively implement the Basic Law for the SAR, practice the "one country, two systems" policy in Hong Kong, and ensure Hong Kong's long-term stability and prosperity. I suppose this is the actual aspiration of the Hong Kong people.

Patten Criticized for Escalating Confrontation

HK0802092293 Hong Kong TZU CHING in Chinese
No 2, 5 Feb 93 pp 8-9

[Article by Chiang Hai-tsung (3068 3189 1350): "Cooperation Brings Credit to Both, While Confrontation Leads to Losses"]

[Text] Chris Patten's "Three Violations and One Confrontation" Package Undermines the Foundation of Sino-British Cooperation

During the period between the signing of the Sino-British Joint Declaration to Patten's assumption of office—despite ups and downs in relations between China and Britain on the Hong Kong issue—problems have on the whole been solved properly through cooperation and consultations. Overall, relations between the two countries have been good.

Because both sides by and large maintained a relationship of cooperation and consultation during that period, Hong Kong maintained increasingly close relations with the mainland, thus contributing to the latter's reform and opening up to the outside world and benefiting from this development all the more. Last year, the goods China exported through Hong Kong as an entrepot constituted 40 percent of its total volume of export goods. Hong Kong's investment in the mainland accounted for 60 percent of total overseas investment. The rapid development of the mainland's reform and opening as well as economic construction spurred the sustained development of Hong Kong's economy, enabling it to perform outstandingly at a time when Western countries were confronting economic stagnation and contraction over the last few years. The practice since the signing of the Joint Declaration has proven that sincere cooperation is conducive to safeguarding Hong Kong's prosperity and stability and a smooth transition in 1997. It is in the interests of the Hong Kong people, China, and Britain.

Regrettably, the "three violations and one confrontation" package worked out by Patten has completely undermined the foundation of Sino-British cooperation. After taking office in Hong Kong, Patten, who failed to get elected in Britain's general elections, assumed the posture of a "strong Governor." No more than three months later, violating promises and disregarding principle, he dished up a constitutional package which violated the Joint Declaration, the principle of convergence with the Basic Law, and the understandings and agreements which China and Britain had concluded. He deliberately provoked an open debate between the two countries and continued to escalate the confrontation. He turned a deaf ear to the criticism and exhortations of the Chinese side and turned a blind eye to the numerous objections raised by people in all walks of life in Hong Kong. He created divisions among the Hong Kong people, propped up pro-British and anti-Chinese politicians, and fostered and brought together a contingent of agents who had been confronting China for quite some time. He scrapped the memorandum of understanding on the airport in disregard of the rights and interests of the government of the future special administrative region. He unilaterally approved the airport platform contracts and the operation contracts of the Container Terminal Nine, both of which straddle 1997. He went around lobbying Western countries to intervene in Hong Kong affairs and did not hesitate to turn Hong Kong into a "grinding [mo 4333] center" of international political struggle.

Patten's perverse acts have shocked Hong Kong society, leading to stock market slumps and a growing feeling of insecurity. Although certain officials from the British side were still claiming that Sino-British relations were "good," the British side had cast the achievements of Sino-British cooperation—the Joint Declaration and the agreements that the two countries had concluded—to the winds. This way of doing things has brought Sino-British relations to a low ebb. It is feared that, if Patten still acts willfully, the foundation for Sino-British cooperation will be practically undermined.

Submitting the "Three Violations" Package to the Legislative Council is an Act Designed To Escalate Confrontation

Recently, senior British Hong Kong officials have spoken out one after another to put in a good word for the "three violations" package. Secretary for Constitutional Affairs Michael Sze Cho-cheung has said: Patten's package is a "good package," "I am convinced that, after the Hong Kong Government submits the package to the Legislative Council in February, the opportunity for revisions will be meager," and "once the Legislative Council has adopted it, the package will be put into effect." Chief Secretary David Ford has said: "Maintaining good Sino-British relations is sometimes not an overwhelming factor of consideration," Patten's package "will not be withdrawn," and "the Legislative Council will make a decision on Patten's constitutional reform package a little later, and it will be rather difficult for the Chinese Government to ignore the council's decision."

This shows that the British side has resolved not to keep its promises and to abandon convergence and cooperation and vowed to submit the "three violations" package to the Legislative Council to complete legislation procedures and compel China to accept it. Even though the Legislative Council will later make "amendments" of one kind or another to Patten's constitutional package, as some media people have indicated, there will be amendments on minor issues at best, and the package's "three violations" nature will not change.

The Chinese attitude on this issue is quite clear: It will neither accept Patten's "three violations" package nor will it accept any compromise or amended package passed by the Legislative Council under the British Hong Kong authorities' manipulation which does not converge with the Basic Law.

The Legislative Council's "decision" on the arrangements for constitutional reform is itself a "three violations" act. The Joint Declaration stipulates: The British side's jurisdiction in Hong Kong terminates on 30 June 1997, and major issues during the transition period to 1997 and those straddling 1997 have to be decided by the Chinese and British Governments through consultations. To ensure a smooth transition in 1997, China and Britain have long reached understandings and agreements on the constitutional reform arrangements in 1995, and the Basic Law includes the corresponding

provisions. All that was left was for the Chinese and British sides to further discuss the details of the arrangements and have them put into effect. The question of the Legislative Council deciding on the matter is definitely not a problem. Under the British Hong Kong regime, the Legislative Council is just a consultative body for the Governor. It was set up according to the Royal Instructions and therefore has no right whatsoever to overturn the agreements concluded by the Chinese and British Governments through any motion—let alone falsify the Basic Law. Patten tried every possible means to enhance the Legislative Council's position so that the council would rubber stamp his "three violations" package. This is nothing but the repeat of the standard trick of "the three legged stool" asserting "the return of administration to Hong Kong." If one thinks this will compel China to "submit," that obviously would be a futile effort.

The so-called decision the Legislation Council adopted by relying on Patten's homogeneous [qing yi se 3237 0001 5331] anti-convergence members, his refusal to allow the official members to cast abstaining votes, and the "tacit cooperation" given by local pro-British and anti-Chinese politicians is actually a synonym for the governor's decision. The Legislative Council's intention to use its "amendments" to create a "package" which converges with the Basic Law is good and honest but impractical. If Patten genuinely intends to withdraw his "three violations" package, he can absolutely announce to the Hong Kong people and directly talk with the Chinese side about his intention. It is not necessary for him to play the trick of the "three-legged stool."

The British Side Must Change Its Course and Return to the Path of Cooperation

At present there are no indications of relaxation in the strained relations between China and Britain. The great debate that the British side has provoked has made more and more people in Hong Kong come to realize that Patten's constitutional package does not abide by existing agreements or converge with the Basic Law, and they desire a smooth transition. The package confronts China and ignores Hong Kong's prosperity and stability. If constitutional reform is carried out in accordance with Patten's package, the Hong Kong people will be seriously divided, Hong Kong's economy will be greatly affected, the investment environment will deteriorate, the smooth transition arranged by the Joint Declaration and the Basic Law will be undermined, Hong Kong's future will be shrouded with a haze, and the interests of people in all walks of life in Hong Kong will be harmed.

Most Hong Kong residents in Hong Kong hope that Hong Kong will maintain long-term stability and prosperity. Therefore, with the exception of the tiny number of pro-British and anti-Chinese politicians, most Hong Kong people hope that China and Britain will cooperate through consultations to ensure Hong Kong's prosperity and stability as well as a smooth transition. This requires Patten to withdraw his "three violations" package and return to the path of "three conformities."

It must be pointed out that the confrontation provoked by Patten has thrown Hong Kong into disorder, violating not only the fundamental interests of the Hong Kong people but also the long-term economic interests of Britain in Hong Kong, and, in particular, on the mainland. It has thus caused uneasiness among British businessmen and has been criticized by some persons with breadth of vision in Britain.

Compared with China, whose comprehensive strength continues to increase, Britain has been in a state of continued economic recession over the last few years. It is beset with difficulties. Facing such a predicament, the British Government has been attempting to change its China policy. This is plainly out of keeping with the times. Although Patten went around lobbying for support from Western countries, the response was generally cold, and the "enthusiasts" were very few in number. The world today is no longer in the era in which the great British empire could receive a hundred responses by issuing a single call. China today is also not the old China characterized by devastation. If Britain acts willfully and confronts China, not only will Hong Kong and its interests be harmed but it will also be isolated in the end.

Cooperation brings credits to both and confrontation leads to losses. Any acts which violate the Joint Declaration, do not converge with the Basic Law, and breach friendly Sino-British cooperation and the smooth transition will harm both their initiators and others and will not enjoy popular support. The British side must weigh the pros and cons, judge the hour and size up the situation, realize its errors and mend its ways, withdraw its "three violations" package as quickly as possible, and return to the correct path of cooperation with the Chinese side.

Impending PRC 'Show of Strength' Predicted

HK0602042893 Hong Kong SOUTH CHINA
MORNING POST in English 6 Feb 93 p 14

[Editorial: "Unrealistic Postures"]

[Text] The high profile given to Hong Kong delegates at last week's Guangdong People's Congress, and yesterday's talks in Guangzhou between 37 Hong Kong advisers and Mr Lu Ping, hold an unmistakable message for Britain. China is rallying its supporters for a show of strength in advance of the Legislative Council debate on the governor's reform proposals, starting later this month. These are the components of the "second stove" Beijing will begin to set up if Britain goes ahead with its plans for greater democracy in the territory. It is they who will represent Hong Kong in China should the Legislative Council endorse the Patten blueprint. Even if the amended version comes closer to the Chinese model, it will not be accepted in Beijing, because it believes Hong Kong must not have a decisionmaking role in its own affairs before 1997.

Britain's view is that it is unacceptable that decisions about the territory's future should continue to be presented to the directly elected representatives of the people as a fait accompli. It is illogical for China not to recognise the Legislative Council when its role and make-up after 1997 are set out in such detail in the Basic Law. Although China has taken such a stern line, it nevertheless expects the Foreign Secretary, Mr Douglas Hurd, to travel to Beijing in April with no resolution of the current impasse in sight. A meeting with his opposite number Mr Qian Qichen is required by the Memorandum of Understanding on the airport, and protocol suggests it should be in the Chinese capital. Not to go would be interpreted as a snub. However, Mr Hurd is understandably reluctant to risk humiliation at the hands of senior officials and those who really run Hong Kong policy, for the sake of a pro-forma encounter with Mr Qian, who does not.

Yet Mr Hurd and his advisers appear to believe similar dilemmas will gradually become less frequent as China comes to terms with whatever the Legislative Council decides. NEW CHINA NEWS AGENCY director Mr Zhou Nan's hardline comments are seen as the views of an extremist and long-time anti-British campaigner and that more conciliatory views exist elsewhere among the Chinese leadership.

Such optimism seems surprising when Chinese patriarch Deng Xiaoping is calling Hong Kong the thorniest issue facing his country at the moment. There is little evidence of a divergence of opinion, unless it is based on the theory that half the Beijing hierarchy is dissembling and will throw off its hardline disguise the moment Mr Deng dies. The West has persuaded itself that China's modernizers and reformists must also be moderates and democrats at heart. Not even the belligerent statements of reformist Vice-Premier Mr Zhu Rongji on his recent visit to London have been able to dent Britain's public belief in his moderation.

Hong Kong cannot rely on such fanciful notions. The Chinese leadership has rarely appeared so united as in its opposition to the Patten package. If Britain is to go ahead with democratic reform here, then it must be ready to deal realistically with Beijing. If toughing it out is the correct policy, then it must be done with a clear view of where the strengths and weaknesses of both sides' negotiating positions lie.

Britain must also be ready to put the interests of Hong Kong uppermost. There is a tendency in London to assume that what is good for the Conservative Party is good for Hong Kong. Having rightly given the Legislative Council the responsibility for deciding the fate of the constitutional reform package, London cannot decree that the outcome must be guaranteed to ensure the greater glory of Chris Patten back in Britain. Parliament and the British media would undoubtedly prefer that the United Democrats [of Hong Kong—UDHK] carry the day in the Legislative Council voting over the next few months. They are currently among the Governor's most

loyal supporters and their victory would be a public relations coup for British-style democracy. It is an historic mistake that the Legislative Council as it is currently constituted does not have a directly elected majority. The UDHK could be outvoted by a coalition of conservative, pro-China and moderate liberal forces, which prefers—rightly or wrongly—to reach a compromise closer to China's interpretation of the Basic Law.

Top Civil Jobs 'at Risk' Over Patten Proposals

HK0702065393 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 7 Feb 93 pp 1, 2

[Report by Candy Wong and Doreen Cheung in Guangzhou]

[Text] Senior civil servants were warned yesterday their jobs were at risk because of the present controversy over Governor Mr Chris Patten's political proposals. The warning came during a series of key meetings between Beijing-appointed advisers and China's top two officials on Hong Kong affairs.

Former Secretary for Home Affairs and Joint Liaison Group member Mr Donald Liao Poon-huai said Government officials who publicly backed the Patten package were putting their careers on the line.

But influential Business and Professionals Federation (BPF) chairman Mr Vincent Lo Hong-sui told Beijing it must stop criticising top civil servants unless it wanted a mass exodus from Government ranks.

The comments came as it was revealed it was Chinese patriarch Mr Deng Xiaoping who apparently devised the controversial idea of "setting up a second stove" to challenge the Patten proposals.

"It went without saying who actually put forward that idea," local NEW CHINA NEWS AGENCY (NCNA) chief Mr Zhou Nan was quoted as saying yesterday.

While Mr Zhou did not specifically attribute the proposal to Mr Deng, adviser Mr Cheng Yiu-tong said he left the meeting with the impression the elderly patriarch had been the originator of the idea.

The concept of a second stove was first raised by Mr Lu after meeting Mr Patten in October, but there have been previously unconfirmed reports the phrase originated with Mr Deng.

Mr Lo suggested yesterday the Chinese Government should set up an advisory body to pave the way for the 1996 SAR [Special Administrative Region] government preparatory committee should there be no convergence.

He said there was only a slim chance the two governments would resolve the row over the territory's political reform, but he hoped the Legislative Council [Legco] would approve a package which converged with the

mini-constitution. "The closer it is to the Basic Law, the smaller the change and the impact on Hong Kong will be," he said.

Amid increasing concern about the exposed position of civil servants, Mr Liao, the only former Government official among the 44 Hong Kong affairs advisers, said China must give top priority to studying the future role of civil servants. He was speaking after a 90-minute session with Mr Zhou and Hong Kong and Macao Affairs Office chief Mr Lu Ping.

"In an executive-led government, civil servants are not obliged to sell policies. Their role is to implement them only," he said, criticising recent cases of top officials being increasingly assertive in pushing policies in Legco.

"They can participate in the policy-making process but they should not push their views in public," Mr Liao said.

But Mr Lo, who saw the two Chinese officials earlier in the day, urged them to refrain from punishing civil servants for supporting the Governor's political package.

The Chinese Government issued a statement two weeks ago criticising Secretary for Economic Services Mrs Anson Chan Fang On-sang for misleading international investors on the issue of Container Terminal No 9.

There have also been personalised attacks on Secretary for Constitutional Affairs Mr Michael Sze Cho-cheung, and his deputy, Mr Leung Chin-man.

The BPF chairman said it would be a great loss to Hong Kong if some civil servants were forced to leave out of the fear the Chinese side might penalise them for things they did before 1997.

Mr Lo said the potential exodus would further dampen the civil service structure as expatriates were not allowed to take up certain positions under stipulations in the Basic Law. But he stressed Government officials should remain politically neutral after 1997 so a continuity in policy would be attained.

"This (politicisation of the civil service) is unfair to the civil service and would affect the continuity of policy in the future," he said.

There were also calls yesterday for China to bridge the growing gulf with the Hong Kong civil service by appointing more former Government officials to the next batch of advisers, expected to be announced next month.

Mr Chan Wing-kee, a newly-elected Hong Kong member of the National People's Congress and also a senior figure within the BPF, said retired civil servants could provide Beijing with much-needed expertise in running the Hong Kong administration.

"There should be more former Government officials on the list of advisers," he said. "I think the Chinese side

should consider appointing some non-Chinese to be Hong Kong affairs advisers, especially those who have played an important role in the running of the Government in the past."

While Mr Chan fell short of naming names, it is apparent former Chief Secretary Sir David Akers-Jones would be a strong contender for a seat.

During meetings with 15 Hong Kong affairs advisers yesterday, Mr Lu and Mr Zhou stressed the unity of the Chinese Government's response to the Patten package, at one stage taking the unusual step of denying reports of any rift between the two men over strategy towards the territory. The meetings will conclude today.

Although the NCNA chief dropped a strong hint Mr Deng was the originator of the second stove idea, he also cast doubt on recent reports of a verbal tirade against the Governor during the patriarch's Lunar New Year holiday in Shanghai.

Mr Zhou was quoted as saying he did not understand the message in the reports, which were given widespread credence after they were reprinted in the leftist Ta Kung Pao, and would have been informed if Mr Deng had expressed any opinion on Hong Kong affairs.

Mr Lo also said he warned Chinese officials yesterday if Beijing stopped the Hong Kong Government from going ahead with the Chek Lap Kok project it would paralyse the administration.

XINHUA Chief Reassures Civil Servants

HK0802060593 Hong Kong RTHK Radio in English
0500 GMT 8 Feb 93

[Text] Hong Kong civil servants have been assured that they won't be dismissed for supporting the Governor Chris Patten's political reforms.

The assurance was given by the local NEW CHINA NEWS AGENCY director Zhou Nan after having talks with Hong Kong advisers in Canton.

Speaking before leaving the city, Mr. Zhou said all concerned civil servants were stipulated clearly in the Basic Law and they didn't have to worry. [sentence as heard] He hoped most of Hong Kong civil servants could stay and serve the future SAR [Special Administrative Region] government.

In another development, a Hong Kong Affairs adviser Wong Po-yan said there were differing views among advisers whether China should set up a new government in 1997. He said it was difficult for Britain and China to reach agreement on the territory's political development at present, although it was not totally impossible.

UDHK Favors Referendum on Patten Proposals

HK0702081593 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 7 Feb 93 p 2

[Report by Quinton Chan]

[Text] The United Democrats [of Hong Kong—UDHK] are to raise a motion in the Legislative Council [Legco] calling for a public referendum on Governor Mr Chris Patten's political proposals.

The motion, to be raised by the UDHK's Mr Setzo Wah on April 21, will call on the Government to hold a referendum on provisions for the three-tier elections before the bills are tabled in Legco.

The move was criticised last night by Chinese officials, with the deputy director of the Hong Kong New China News Agency, Mr Zhang Junsheng, saying "is it a joke?" Mr Zhang said legislators had no right to discuss the affairs of the British and Chinese governments.

The motion also met opposition from the Government which said Legco was the best body to decide the proposals.

But UDHK chairman Mr Martin Lee Chu-ming said he was confident the motion would have the support of Meeting Point, the Co-operative Resources Centre [CRC] and independent legislators.

CRC convener Mr Allen Lee rejected the motion yesterday, however, saying Legco might decide on the political reform proposal within two weeks and a referendum would then be meaningless.

Mr Martin Lee defended his decision to reintroduce the motion, which had been put off in October, saying it was the appropriate time to do so because sources said the Executive Council had passed the reform package.

Poll Shows Public's Doubts About NPC Deputies

HK0702081693 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 7 Feb 93 pp 8,9

[Report by political editor Danny Gittings]

[Text] Hong Kong people are deeply sceptical of their newly-elected representatives to the National People's Congress (NPC), the first opinion poll on the issue has found. More than half were unable to name any of the 28 deputies, and an overwhelming majority doubted they would stand by Hong Kong in the face of pressure from Beijing.

The SUNDAY MORNING POST survey found 93 percent of 432 people polled on Wednesday [3 February] and Thursday believed the NPC delegates' duty was to put Hong Kong interests first, even when they clashed with those of the Chinese Government. But only 29 percent believed the deputies would perform this task, while 59 percent doubted they would put the territory

ahead of any conflicting interests in Beijing. Twelve percent expressed no opinion.

And an overwhelming 76 percent believed the recently-chosen deputies—who have been criticised for their lack of representativeness—do not have enough contact with Hong Kong people, while 14 percent disagreed, and 10 percent were unsure.

Despite widespread media publicity over the past few weeks, there was also a distinct lack of recognition of the territory's delegates to China's rubber-stamp parliament. Only 44 percent could name one of the deputies, while 14 percent were able to name more than two. The only delegates with any significant name recognition were actress Lisa Wang and maverick lawyer Miss Dorothy Liu Yiu-chu.

A handful of other delegates were also named by a small number of respondents in the Hong Kong Polling and Business Research (PBR) survey, including chairman of the pro-China New Hong Kong Alliance Mr Wai Kee-shum—who is also a TV sports commentator—Federation of Trade Union (FTU) chairman Mr Cheng Yiu-tong and tycoon Mr Henry Fok Ying-tung.

But 10 other delegates were not recognised by any of those polled, while many others said they would prefer to see prominent liberal leaders on the NPC.

One in five of those who expressed any view about who should sit in China's parliament on Hong Kong's behalf suggested United Democrats' Chairman Mr Martin Lee Chu-ming, while a tenth named Co-operative Resources Centre convener Mr Allen Lee Peng-fei.

There was also overwhelming dissatisfaction with the way Hong Kong's 28 deputies were chosen by the recent session of the Guangdong People's Congress. More than 72 percent said it was wrong for the territory's representatives to be chosen by mainland people in this manner, while 20 percent believed it was all right and eight percent were unsure.

But there was a solid—although small—bedrock of support for the NPC delegates. Twenty percent of those polled said they trusted them to put Hong Kong's interests first, while another 17 percent believed the delegates would represent both the territory and China's interests. However they were outnumbered by 48 percent who believed the deputies would put Beijing's interests above those of Hong Kong.

Veteran NPC delegate Mr Cheng said he was not surprised by the survey result because many Hong Kong people did not know much about the Chinese parliament. The FTU chairman said the poor name recognition stemmed from the reality NPC delegates could never play a more active role in a society under British administration.

"There are certain historical factors for NPC delegates to take a low profile," he said. "No country will allow the existence of two power bases in its territory."

"But I am sure that as 1997 approaches the role of NPC delegates will become more important."

Saying Hong Kong people did not care much about Executive and Legislative Councils in the past because their members were appointed rather than elected, he believed it was only natural people developed similar attitude towards NPC delegates. "I think it is natural that people do not care about NPC delegates because there is a lack of direct linkage," he said. "In the past most Hong Kong people did not care much about the Executive and Legislative Councils, too."

The NPC delegates who were not named by any of those surveyed included unionist Mr Luk Tat-kim, garment industrialist Mr Chan Wing-kee, deputy director of the local branch of the Bank of China Mr Huang Diyan, lawyer and pro-China politician Ms Elsie Leung Oi-sze, veteran businessman Mr Choy Waihang, New Territories leftist leader Mr Li Lin-sang, Bank of China adviser Mr Chen Hong, Federation of Trade Unions doctor Mr Tong Chee-on and Fujian traders association leader Mr Wong Kwong-hon.

Deputy Criticizes Guangdong Congress Elections

HK0602054693 Hong Kong SOUTH CHINA MORNING POST in English 6 Feb 93 p 8

[Report by Kent Chen in Guangzhou]

[Text] Seven candidates—including two newcomers—will take part in a competitive election on Monday to select six vice-governors for the free-wheeling Guangdong Province. However, a Hong Kong deputy to the Guangdong Provincial People's Congress said he was disappointed about the selection criteria set by the authorities, saying it did not reflect the true spirit of competition in an election.

Seven candidates will run for the vice-governorship, including incumbents Mr Liu Weiming, Mr Lu Zhonghe, Mr Zhang Gaoli, Mr Lu Ruihua and Ms Li Lanfang. The two newcomers are the Communist Party Secretary of Foshan city, Mr Ou Guangyuan, and the Secretary-General of the Guangdong provincial government, Mr Zhong Qiquan. Incumbent Mr Ling Botang, who has been a vice-governor since 1985 is expected to retire after the congress. Governor Mr Zhu Senlin is the only candidate nominated for re-election, although the election regulations stipulated that there could be more than one candidate for the post.

Mr Cheung Ching-wan, first deputy chief editor of the Hong Kong-based pro-Beijing newspaper WEN WEI PO, said yesterday the election of vice-governors did not reflect the spirit of competitive elections. He said the current policy required the delegates to elect at least one woman, one non-Communist Party member and one ethnic minority candidate.

In addition, the delegates must also elect a 45-year-old vice-governor to ensure smooth transition of power to

younger cadres in future. Mr Cheung said Mr Ou would undoubtedly be elected as a result of such requirements, because he was the only 45-year-old candidate, as would Ms Li, the only female candidate. This would not be fair to the other candidates, who were "competent and qualified". Mr Cheung said there should be more than one candidate for each category of candidates to ensure genuine competition.

During a sub-group discussion on the candidates, many delegates expressed the view that the ideal candidate should be "selfless" and should possess the "moral integrity" to lead the government. The ideal candidates should also be proficient in public affairs and willing to get in touch with the masses, Mr Cheung added. He

noted that, over the past few terms, female vice-governors had been relatively weak in working ability compared with their male counterparts.

In Hong Kong, veteran China-watcher Mr Johnny Lau Yui-shui said the election indicated Beijing was losing its grip on personnel matters as local officials began to exert greater influence on the country's economy. "While Beijing still commands some control over the local governments, it can no longer dictate to them like in the old days," Mr Lau said. Meanwhile, it is believed that the Chairman of the Guangdong Congress Standing Committee, Mr Lin Ruo, Provincial Higher People's Court President Mr Mai Chongkai, and Provincial Procurator-General Mr Wang Jun will be re-elected.

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